

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

33. Provide the information requested in Schedule 33 for budgeted and actual regular wages, overtime wages, and total wages by employee group, by month, for the five most recent calendar years. Explain in detail any variance exceeding 5 percent in any one month.

Response:

Please refer to Attachment A of the response for a schedule showing regular, overtime and total wages for salaried (exempt) and hourly (non-exempt) employees by month for the years 2008 through 2012.

The overtime budget is primarily based on historic trends and further adjusted for planned Company employee levels and the use of outside contractors. As shown on Attachment A, individual months can vary materially from budgeted levels as the result of variances in these other factors as well as conditions outside of Columbia' control such as weather. Labor variances including overtime are monitored and managed in combination with all other cost

categories as part of each department's O&M cost management activities with the focus being on overall O&M expense targets.

Explanations for other monthly variances exceeding 5 percent are as follows:

2008 Hourly Regular – The variances in each month exceeding 5 percent primarily reflect decreases in actual versus budgeted employee levels, with the majority of the decrease in January through September. The decrease in the average monthly number of employees is 8 for January through September and 7 for the year.

2009 Salaried Regular – The January variance is due to long-term incentive plan payouts.

2010 Salaried Regular – August through December variances reflect an increase of 2 in the number of employees in each month.

2010 Hourly Regular – The April variance is primarily due to a decrease of 6 in the number of employees. July through December variances reflect a decrease of 9 in the average monthly number of employees during that period.

2011 Salaried Regular – The February variance is due to long-term incentive plan payouts. June through December variances reflect a decrease of 2 in the number of employees in each month.

2011 Hourly Regular – February through September variances reflect a decrease of 9 in the average monthly number of employees during that period.

2012 Salaried Regular – The February variance is due to long-term incentive plan payouts. April and May variances reflect a decrease of 1 in the number of employees in each month. October reflects an increase of 1 employee. December reflects an increase of 2 employees.

2012 Hourly Regular – July through December variances reflect a decrease of 8 in the average monthly number of employees during that period.

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 Monthly Payroll Variance Analysis
 For the Most Five Recent Calendar Years

Line No.	Description	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	Total 2008
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Monthly Actual													
2	Salaried - Regular	147,798	143,338	148,033	148,033	148,033	148,033	152,617	146,738	152,173	151,892	152,174	152,173	1,791,035
3	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Hourly - Regular	477,973	427,950	429,173	453,587	466,605	440,904	481,705	440,024	461,125	481,190	442,482	507,866	5,509,579
5	Hourly - Overtime	87,627	91,608	93,331	86,221	78,224	86,007	75,208	97,988	89,122	121,509	117,725	88,067	1,112,635
6	Total	713,398	662,896	670,537	687,841	691,862	674,944	709,530	684,750	702,420	754,591	712,381	748,106	8,413,249
7	Monthly Budget													
8	Salaried - Regular	148,481	148,481	153,233	153,233	153,233	153,233	153,233	153,233	153,233	153,233	153,233	153,233	1,829,292
9	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Hourly - Regular	502,686	459,127	470,311	484,918	481,538	468,622	505,053	469,473	534,705	503,426	444,487	519,935	5,844,281
11	Hourly - Overtime	48,515	106,228	66,545	81,143	63,166	81,123	71,866	89,482	85,729	95,666	71,470	91,238	952,171
12	Total	699,682	713,836	690,089	719,294	697,937	702,978	730,152	712,188	773,667	752,325	669,190	764,406	8,625,744
13	Variance Percentage													
14	Salaried - Regular	0%	-3%	-3%	-3%	-3%	-3%	0%	-4%	-1%	-1%	-1%	-1%	-2%
15	Salaried - Overtime	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
16	Hourly - Regular	-5%	-7%	-9%	-6%	-3%	-6%	-5%	-6%	-14%	-4%	0%	-2%	-6%
17	Hourly - Overtime	81%	-14%	40%	6%	24%	6%	5%	10%	4%	27%	65%	-3%	17%
18	Total	2%	-7%	-3%	-4%	-1%	-4%	-3%	-4%	-9%	0%	6%	-2%	-2%
19	Monthly Actual													
20	Salaried - Regular	156,078	140,421	141,733	141,885	141,885	141,885	141,885	141,885	152,371	141,885	141,885	141,305	1,698,959
21	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Hourly - Regular	495,590	450,525	492,198	494,926	469,786	480,785	523,500	465,737	503,533	484,202	466,981	526,309	5,880,219
23	Hourly - Overtime	125,449	78,412	53,234	52,550	62,485	42,753	48,415	50,465	42,080	73,024	54,397	83,894	767,156
24	Total	777,117	669,358	687,165	689,361	674,156	665,423	713,800	658,087	697,984	699,111	663,263	751,508	8,346,334
25	Monthly Budget													
26	Salaried - Regular	141,839	141,839	146,413	146,413	146,413	146,413	146,413	146,413	146,413	146,413	146,413	146,413	1,747,808
27	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Hourly - Regular	476,430	439,860	487,992	488,442	467,760	487,995	508,977	464,714	488,729	486,446	467,574	520,665	5,785,584
29	Hourly - Overtime	88,612	93,548	104,851	92,159	80,221	94,794	80,419	103,476	94,239	83,560	118,766	138,227	1,172,872
30	Total	706,881	675,247	739,256	727,014	694,394	729,202	735,809	714,603	729,381	716,419	732,753	805,305	8,706,264
31	Variance Percentage													
32	Salaried - Regular	10%	-1%	-3%	-3%	-3%	-3%	-3%	-3%	4%	-3%	-3%	-3%	-3%
33	Salaried - Overtime	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
34	Hourly - Regular	4%	2%	1%	1%	0%	-1%	3%	0%	3%	0%	0%	1%	2%
35	Hourly - Overtime	42%	-16%	-49%	-43%	-22%	-55%	-40%	-51%	-55%	-13%	-54%	-39%	-35%
36	Total	10%	-1%	-7%	-5%	-3%	-9%	-3%	-8%	-4%	-2%	-9%	-7%	-4%

Columbia Gas of Kentucky, Inc.
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 For the Most Five Recent Calendar Years

Line No.	Description	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	Total 2010
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Monthly Actual													
2	Salaried - Regular	148,435	126,720	126,720	131,744	132,409	137,106	137,315	142,149	147,717	143,148	143,936	143,936	1,639,426
3	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Hourly - Regular	504,521	448,122	517,136	492,120	471,693	495,797	497,890	483,878	487,149	463,044	454,177	526,626	5,864,064
5	Hourly - Overtime	92,528	57,563	54,523	49,890	60,008	49,021	57,743	55,320	68,600	125,083	83,296	138,200	891,775
6	Total	745,484	632,405	698,379	673,754	664,110	681,924	692,948	681,347	703,466	731,275	681,409	808,762	8,395,265
7	Monthly Budget													
8	Salaried - Regular	146,719	126,719	126,719	126,719	126,719	130,521	130,521	130,521	130,521	130,521	130,521	130,521	1,547,242
9	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Hourly - Regular	478,253	454,022	537,993	523,046	493,373	518,304	530,590	520,235	523,996	496,868	521,978	557,819	6,176,477
11	Hourly - Overtime	101,114	78,807	53,568	52,848	62,830	43,002	48,692	50,737	42,300	98,336	119,210	138,585	890,029
12	Total	726,086	659,548	718,280	702,613	682,922	691,827	709,803	701,493	696,817	725,725	771,709	826,925	8,613,748
13	Variance Percentage													
14	Salaried - Regular	1%	0%	0%	4%	4%	5%	5%	9%	13%	10%	10%	10%	6%
15	Salaried - Overtime	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
16	Hourly - Regular	5%	-1%	-4%	-6%	-4%	-4%	-6%	-7%	-7%	-7%	-13%	-6%	-5%
17	Hourly - Overtime	-8%	-27%	2%	-6%	-4%	14%	19%	9%	62%	27%	-30%	0%	0%
18	Total	3%	-4%	-3%	-4%	-3%	-1%	-2%	-3%	1%	1%	-12%	-2%	-3%
19	Monthly Actual													
20	Salaried - Regular	143,592	174,230	143,936	143,936	143,936	136,640	136,640	136,640	136,640	136,640	136,640	136,640	1,675,813
21	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Hourly - Regular	473,734	363,205	511,557	450,562	467,588	472,811	456,231	485,851	474,053	481,330	519,470	521,901	5,708,584
23	Hourly - Overtime	71,285	59,547	67,614	77,887	70,943	61,178	69,338	65,833	77,701	99,729	85,371	85,961	892,409
24	Total	688,611	596,982	723,107	672,385	682,467	670,629	662,209	688,324	688,394	717,699	741,481	744,522	8,276,806
25	Monthly Budget													
26	Salaried - Regular	143,935	143,935	143,935	143,935	143,935	148,971	148,971	148,971	148,971	148,971	148,971	148,971	1,762,472
27	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Hourly - Regular	491,100	451,377	536,130	487,575	510,830	519,766	501,721	540,008	516,986	493,549	523,908	525,307	6,098,257
29	Hourly - Overtime	89,025	57,016	57,397	50,631	63,756	50,497	58,648	60,661	72,860	133,256	63,056	85,525	842,328
30	Total	724,060	652,328	737,462	682,141	718,521	719,234	709,340	749,640	738,817	775,776	735,935	759,803	8,703,057
31	Variance Percentage													
32	Salaried - Regular	0%	21%	0%	0%	0%	-8%	-8%	-8%	-8%	-8%	-8%	-8%	-5%
33	Salaried - Overtime	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
34	Hourly - Regular	-4%	-20%	-5%	-8%	-8%	-9%	-9%	-10%	-8%	-2%	-1%	-1%	-6%
35	Hourly - Overtime	-20%	4%	18%	54%	11%	21%	18%	9%	7%	-25%	35%	1%	6%
36	Total	-5%	-8%	-2%	-1%	-5%	-7%	-7%	-8%	-7%	-7%	1%	-2%	-5%

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		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Monthly Actual													
2	Salaried - Regular	136,952	175,793	136,952	127,410	127,410	133,489	140,759	142,129	146,303	150,792	147,476	149,877	1,676,502
3	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Hourly - Regular	521,818	497,799	522,433	485,036	530,140	488,462	493,908	494,013	461,934	542,530	527,463	499,455	6,103,833
5	Hourly - Overtime	76,881	75,549	82,385	68,238	65,456	74,451	86,718	78,495	89,901	103,308	129,104	109,447	1,039,934
6	Total	735,651	749,141	741,770	680,684	723,006	696,402	721,385	714,637	698,138	796,630	804,043	758,779	8,820,269
7	Monthly Budget													
8	Salaried - Regular	136,640	136,640	136,640	136,640	136,640	141,148	141,148	141,148	141,148	141,148	141,148	141,148	1,671,236
9	Salaried - Overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Hourly - Regular	536,693	509,073	547,679	508,090	557,046	513,242	549,383	573,142	499,731	574,710	549,284	541,040	6,459,113
11	Hourly - Overtime	80,175	80,382	72,894	86,895	83,355	65,434	82,777	76,302	82,062	116,339	89,674	144,518	1,060,807
12	Total	753,508	726,095	757,213	731,625	777,041	719,824	773,308	790,592	722,941	832,197	780,106	826,706	9,191,156
13	Variance Percentage													
14	Salaried - Regular	0%	29%	0%	-7%	-7%	-5%	0%	1%	4%	7%	4%	6%	0%
15	Salaried - Overtime	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
16	Hourly - Regular	-3%	-2%	-5%	-5%	-5%	-5%	-10%	-14%	-8%	-6%	-4%	-8%	-6%
17	Hourly - Overtime	-4%	-6%	13%	-21%	-21%	14%	5%	3%	10%	-11%	44%	-24%	-2%
18	Total	-2%	3%	-2%	-7%	-7%	-3%	-7%	-10%	-3%	-4%	3%	-8%	-4%

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

34. Provide all wage, compensation, and employee benefits studies, analyses, or surveys conducted since Columbia's last rate case or that are currently utilized by Columbia.

Response:

Please refer to Attachment PSC-1-34(A) [CONFIDENTIAL] for a copy of the January 2012 General Industry Benefit Index report and Attachment PSC-1-34(B) [CONFIDENTIAL] for a copy of the January 2012 Energy Industry Benefit Index that were completed by Aon Hewitt on behalf of NiSource. These studies were completed for all of NiSource to assess the overall value of employee benefits.

Please refer to Attachment PSC-1-34(C) [CONFIDENTIAL] for a copy of the 2012-2013 US Compensation Planning Report by Mercer Human Resource Consulting. Please also see Attachment PSC-1-34(D) [CONFIDENTIAL] for a copy of the Salary Budget Survey by World at Work. These surveys are used as a factor to determine appropriate market-based merit increase levels.

On a biennial basis, NiSource is provided information from Aon Hewitt establishing the applicable salary range for applicable jobs within NiSource, incorporating data from energy and non-energy sectors. This information is provided to NiSource through an application called "Market Pay." Using the Market Pay interface, NiSource downloads the applicable market salary ranges directly into the NiSource PeopleSoft system, which is the human resource information systems used to track employee compensation data. As a result, the records maintained within the PeopleSoft system for applicable jobs include a specific, market based salary range, which is referenced in setting an employee's compensation from year to year.

Lastly, see PSC-1-34(E) [CONFIDENTIAL] for the Aon Hewitt Variable Compensation Measurement Survey: Highlights and Trends Report.

Attachment (A) to PSC Staff DR Set 1 No. 34

[CONFIDENTIAL]

January 2012 General Industry Benefit Index report

Attachment (B) to PSC Staff DR Set 1 No. 34

[CONFIDENTIAL]

January 2012 Energy Industry Benefit Index

Attachment (C) to PSC Staff DR Set 1 No. 34

[CONFIDENTIAL]

2012-2013 US Compensation Planning Report by Mercer Human Resource Consulting

Attachment (D) to PSC Staff DR Set 1 No. 34

[CONFIDENTIAL]

Salary Budget Survey by World at Work

Attachment (E) to PSC Staff DR Set 1 No. 34

[CONFIDENTIAL]

Aon Hewitt Variable Compensation Measurement Survey:
Highlights and Trends Report

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

35. For each employee group, state the amount, percentage increase, and effective dates for general wage increases and, separately, for merit increases granted or to be granted in 2011, 2012, the base period, and the forecasted test period.

Response:

Below are the merit and general wage increases including annualized amount, percentage increase, and effective dates for each employee group for the years 2011, 2012, 2013, the base period, and forecasted test period. The year 2013 is being provided since it impacts both the base period and the forecasted test period.

2011

	Exempt	Nonexempt (nonunion)	Union
Annualized Amount	\$56,867	\$26,627	\$131,577
Percent Increase	3.25%	3.00%	2.00%
Effective Date	June 1, 2011	June 1, 2011	December 1, 2011

2012

	Exempt	Nonexempt (nonunion)	Union
Annualized Amount	\$45,689	\$22,497	\$104,374
Percent Increase	3.00%	2.50%	2.00%
Effective Date	June 1, 2012	June 1, 2012	December 1, 2012

2013

	Exempt	Nonexempt (nonunion)	Union
Annualized Amount	\$51,432	\$21,639	\$171,478
Percent Increase	3.00%	2.50%	3.00%
Effective Date	June 1, 2013	June 1, 2013	December 1, 2013

Base Period (September 1, 2012 – August 31, 2013)

	Exempt	Nonexempt (nonunion)	Union
Annualized Amount	\$51,432	\$21,639	\$104,374
Percent Increase	3.00%	2.50%	2.00%
Effective Date	June 1, 2013	June 1, 2013	December 1, 2012

Forecasted Test Period (Calendar Year 2014)

	Exempt	Nonexempt (nonunion)	Union
Annualized Amount	\$54,657	\$28,051	\$118,201
Percent Increase	3.00%	3.00%	2.00%
Effective Date	June 1, 2014	June 1, 2014	December 1, 2014

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013**

36. Provide a schedule reflecting the salaries and other compensation of each executive officer for the base period and three most recent calendar years. Include the annual percentage increase and the effective date of each increase, the job title, duty and responsibility of each officer, the number of employees who report to each officer, and to whom each officer reports. For employees elected to executive officer status since the test year in Columbia's most recent rate case, provide the salaries for the persons they replaced.

Response:

Please refer to the Confidential Attachment A of the response. The primary responsibilities of each officer are as follows:

President – This position has primary responsibility for the overall management of Columbia including direct or indirect responsibility for all activities related to providing safe and reliable delivery of natural gas to retail customers within its service territory. The President represents Columbia in regulatory and legislative matters with state and local bodies; organizes and directs strategies and programs; and provides policy direction. Specific functions reporting to the President include Regulatory Affairs, Governmental Affairs, Communications, and Customer Programs.

Executive Vice President and Group Chief Executive Officer (CEO) – This position has primary responsibility for the overall management of the NiSource Gas Distribution business unit (NGD) including Columbia. The CEO provides leadership and direction for the business unit; is responsible for the safe and reliable delivery of natural gas to end users while ensuring excellent customer service; for achieving maximum return on invested capital; coordinates the efforts of senior executives and works with them to develop current and long range objectives, policies and procedures; and monitors overall results. Specific functions reporting to the CEO include Distribution Operations, Customer Operations, Commercial Operations, Regulatory, and Communications.

Group Chief Operating Officer (COO) - This position has primary responsibility for the overall management of the Distribution and Customer Operations functions of NGD including developing and formulating policies and procedures and directing operations and maintenance and capital program management. Specific functions reporting to the COO include Field Operations; Customer Operations; Pipeline Safety and Compliance; Engineering and Construction; Health, Safety and Environmental; and Business Planning.

Group Chief Regulatory Officer (CRO) – This position has primary responsibility for the overall management of the Regulatory function of NGD including preparing rate cases and other regulatory filings in its service territory, conducting research associated with regulatory activities, and maintaining relationships with regulators. Specific functions reporting to the CRO include operating company presidents including Columbia, Regulatory Affairs, Regulatory Strategy and Support, and Communications.

Group Chief Financial Officer – This position has primary responsibility for the overall Finance function of NGD including maintenance of the books and records and accounting systems, internal and external financial reporting, financial planning, and budgeting. Specific functions reporting to the CFO include General Accounting, Asset Accounting, Cash Management, Special Studies, Financial Systems, and Financial Planning and Analysis.

Group Chief Commercial Officer (CCO) - This position has primary responsibility for the overall strategies of several functions of NGD related to energy supply, gas transportation and sales and marketing. Specific functions reporting to the CCO include Supply and Capacity Planning, Transportation and Supplier Services, Gas Control, Supply Optimization, and Sales and Marketing.

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Response:

Please refer to the Confidential Attachment A of the response. The primary responsibilities of each officer are as follows:

President – This position has primary responsibility for the overall management of Columbia including direct or indirect responsibility for all activities related to providing safe and reliable delivery of natural gas to retail customers within its service territory. The President represents Columbia in regulatory and legislative matters with state and local bodies; organizes and directs strategies and programs; and provides policy direction. Specific functions reporting to the President include Regulatory Affairs, Governmental Affairs, Communications, and Customer Programs.

Executive Vice President and Group Chief Executive Officer (CEO) – This position has primary responsibility for the overall management of the NiSource Gas Distribution business unit (NGD) including Columbia. The CEO provides leadership and direction for the business unit; is responsible for the safe and reliable delivery of natural gas to end users while ensuring excellent customer service; for achieving maximum return on invested capital; coordinates the efforts of senior executives and works with them to develop current and long range objectives, policies and procedures; and monitors overall results. Specific functions reporting to the CEO include Distribution Operations, Customer Operations, Commercial Operations, Regulatory, and Communications.

Group Chief Operating Officer (COO) - This position has primary responsibility for the overall management of the Distribution and Customer Operations functions of NGD including developing and formulating policies and procedures and directing operations and maintenance and capital program management. Specific functions reporting to the COO include Field Operations; Customer Operations; Pipeline Safety and Compliance; Engineering and Construction; Health, Safety and Environmental; and Business Planning.

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Columbia Gas of Kentucky, Inc.
 Executive Officer Compensation

Employee	2010				2011				2012				Base Period			
	Base	% Increase	Effective Date	Other Comp	Base	% Increase	Effective Date	Other Comp	Base	% Increase	Effective Date	Other Comp	Base	% Increase	Effective Date	Other Comp
Herbert Miller Title: President Reports to: Group Chief Regulatory Officer No. of Employees: 10																
Jimmy Staton Title: Exec VP & Group CEO Reports to: President & CEO No. of Employees: N/A <i>Assumed additional group responsibilities in 2010</i> <i>Transferred September 2011</i>																
Joseph Hamrock Title: Exec VP & Group CEO Reports to: President & CEO No. of Employees: N/A <i>Effective May 2012</i>																
Shawn Patterson Title: SR VP & Sr Operations Officer Reports to: Exec VP and Group CEO No. of Employees: N/A <i>Effective March 2010</i> <i>Transferred March 2012</i>																
David Monte Title: Group Chief Operating Officer Reports to: Exec VP and Group CEO No. of Employees: 2,937 <i>Effective March 2012</i>																

Columbia Gas of Kentucky, Inc.
 Executive Officer Compensation

Employee	2010				2011				2012				Base Period			
	Base	% Increase	Effective Date	Other Comp	Base	% Increase	Effective Date	Other Comp	Base	% Increase	Effective Date	Other Comp	Base	% Increase	Effective Date	Other Comp
John Partridge Title: Group Chief Regulatory Officer Reports to: Exec VP and Group CEO No. of Employees: 148 <i>Effective January 2012</i>																
Stanley Sagun Title: Group Chief Financial Officer/ Sr. VP and Chief Commercial Officer Reports to: Exec VP and Group CEO No. of Employees: 223 <i>Additional responsibilities of Sr. VP and CCO effective February 2012</i>																

Notes:

- (1) The President is an employee of Columbia Gas of Kentucky; the remaining executive officers are employees of NiSource Corporate Services Company with responsibilities for several operating companies. This schedule reflects amounts allocated to Columbia Gas of Kentucky only.
- (2) Base Period wage increases by individual were not known at time the base period was developed.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

37. Describe in detail how the base period capitalization rate was determined. If different rates were used for specific expenses (i.e., payroll, clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the capitalization rate and how the changes were determined.

Response:

Columbia did not use a capitalization rate during the base period. Costs are charged directly to expense or capital accounts as appropriate.

Additionally, employee benefits and payroll tax expenses can be classified to capital accounts by means of applying labor overheads to capital accounts to which labor is charged. Vehicle costs can also be classified to capital accounts using a similar methodology that follows labor.

The forecasted portion of the base period is based on capital and operating budgets that mainly focus on where the costs will ultimately reside, not the underlying accounting transactions that occur in actual months.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

38. Provide all current labor contracts and the most recent labor contracts previously in effect.

Response:

Please refer to Attachment A of this response for the current labor contract and Attachment B for the most recent labor contract previously in effect.

AGREEMENT

BETWEEN

COLUMBIA GAS TRANSMISSION LLC

COLUMBIA GAS OF KENTUCKY, INCORPORATED
COLUMBIA GAS OF OHIO, INCORPORATED

AND

UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND
SERVICE WORKERS INTERNATIONAL UNION
LOCALS 372 AND 628

CHARLESTON, WEST VIRGINIA
DECEMBER 1, 2011

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THIS AGREEMENT, made and entered into this 1st day of December 2011, by and between COLUMBIA GAS TRANSMISSION LLC, COLUMBIA GAS OF KENTUCKY, INC., and COLUMBIA GAS OF OHIO, INC., all corporations for their employees as represented in the bargaining unit, established by the NLRB elections (and see the determination in NLRB Cases 9-UC-91, 9-UC-92, and 9-RC-12428), their successors and assigns, hereinafter referred to as the "Company," party of the first part, United Steel, PAPER, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, LOCALS NOS. 372 and 628, its successors and assigns, hereinafter referred to as the "Union," party of the second part, and UNITED STEEL PAPER and FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL, and SERVICE WORKERS INTERNATIONAL UNION, its successors and assigns, hereinafter referred to as the party of the third part:

WITNESSETH

WHEREAS, the Company is engaged in furnishing essential public services which vitally affect the health, safety, comfort, and well-being of a large majority of the population in the territory covered by its operations, and its very existence is dependent upon the faithful carrying out of its obligations and responsibility to the public; which responsibility is recognized by the parties hereto as being imposed upon the Management and employees of the Company mutually, and that properly to fulfill the same requires that any disputes arising between them be adjusted and settled in an orderly manner without interruption of the Company's services to the public:

WHEREAS, the parties have, through collective bargaining in accordance with the law, agreed upon the incidents of the employment relationship on a contractual basis; and,

WHEREAS, it is the desire of the Company and the Union to continue the policy and practice of nondiscrimination because of race, color, religion, age, sex, disability, veteran and Vietnam era veteran, or national origin; and

WHEREAS, while certain job classifications and pronoun references are in the male gender, it is understood that they do not refer exclusively to males and corresponding feminine gender usages will be substituted when appropriate.

NOW, THEREFORE, it is agreed by the parties hereto as follows:

ARTICLE I Obligations

Section 1. It is recognized that the Company is engaged in rendering a public service and is under the duty to the public of operating and maintaining its public utility service without interruption, and therefore nothing contained in this Agreement shall be construed to conflict or to be incompatible with such duty.

Section 2. It is agreed that during the term of this contract, or during any period of time while negotiations are in progress between the parties hereto for the continuance or renewal of this contract, that there shall be no lockouts, strikes, stoppage of work, or interruption of service to the public.

Section 3. It is agreed that the Company will not discriminate, coerce, or intimidate any member of the Union on account of his membership in the Union. The Union agrees that its officers and members will not solicit membership in the Union among employees of the Company when said employees are on duty or Company property, and will not interfere with or restrain or coerce employees of the Company in attempting to influence them to be members of the Union.

ARTICLE II Recognition

Section 1. The Company recognizes the Union as the exclusive representative of all the employees, as such term is defined and delimited in Section 3 of this Article, for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment: Provided, that any individual employee or a group of employees shall have the right at any time to present grievances to the Company and to have such grievances adjusted, without the intervention of the Union, as long as the adjustment is not inconsistent with the terms of this Agreement: Provided, further, that the Union has been given opportunity to be present at such adjustment.

Section 2. It is agreed that there shall be no hindrance or interference with the Management of the Company in its several departments, including the determination of the Company policy, which does not interfere with the conditions of this Agreement as affecting wages, hours of work, and working conditions. All rights of Management, except insofar as the same are expressly modified in the terms of this Agreement, are hereby reserved to the Company, and the Company specifically has the power and the right to manage the business and direct the working forces, including but not limited to, the right to hire, suspend, or discharge for proper cause, promote, demote, to transfer employees from one job to another (provided, however, that no employee may be permanently transferred from one basic seniority unit to another, without his permission), to lay off employees in accordance with seniority, as specified herein, to reduce working hours, to move or to close any departments or other segments of the business because of lack of work, or to otherwise generally manage the Company's business.

Nothing in this Section shall be construed to supersede or nullify any of the provisions contained in other Articles.

Section 3. (a) The term "employee," as used in this Agreement, shall include all production and maintenance employees of the Company in the said bargaining unit, but shall exclude all clerical, supervisory, executive, administrative, professional, temporary employees, and all others excluded by law. "Temporary employees" are hereby defined to mean those employees hired for a specific project or for a specified length of time.

(b) In accordance with the requirement of Section 1, hereunder, an employee will be classified as a Regular employee following any six-months' period. Provided, that he meets the Company's requirements as to ability and efficiency, integrity, and physical fitness: Provided, further, that he has submitted record of birth which is satisfactory to the Company. The Company will provide the Union President an assessment/evaluation of the probationary employee's

progression after three (3) months. If requested, an update will be presented to the Union President in the fourth and fifth month of the probationary period.

(c) An employee shall lose his classification as a Regular employee under the following conditions:

- (1) Resignation.
- (2) Discharge for cause.
- (3) Acceptance of other employment except as provided in Article V hereof.
- (4) Refusal to accept reemployment within 72 hours after receipt of notification by the Company that employment is available in the basic seniority unit from which the employee was laid off because of lack of work. Such notice may be given by letter at the employee's last known address, by telephone, or by personal contact.
- (5) Layoffs of more than one year duration, except in the case of employees with fifteen (15) or more years of accredited service, in which case it shall be layoffs of more than four-years' duration.

(d) The Company agrees to notify the Union of an offer of reemployment made by the Company to an employee. Such notice will be either a copy of the notice sent to the employee or will be a notice stating in which other manner the employee was notified.

(e) The performance of non-bargaining unit work by bargaining unit employees will be on a voluntary basis.

ARTICLE III Supervisors Performing Production and Maintenance Work

Under normal operating conditions, supervisors are not assigned duties that are usually performed by production and maintenance employees.

Supervisors are expected to devote full time to their supervisory duties under normal operating conditions. This policy does not, however, prevent supervisors from performing such necessary functions as job instruction or training of employees; inspecting work, either in progress or completed; operating equipment and facilities in experimental or initial testing operations; and operating in emergency situations or where the safety of people or facilities is in jeopardy.

ARTICLE IV Check Off

It is agreed that all employees, including current employees as of the effective or execution date of this Agreement and all employees who thereafter have become or may hereafter become members of the Union, shall remain members of the Union in good standing for the duration of this Agreement as a condition of continued employment by the Company; and further that all new employees covered by this Agreement hired after the date of this Agreement,

shall, after thirty (30) days of employment, become members of the Union and remain members in good standing for the duration of this Agreement as a condition of continued employment. Good standing shall mean only the payment of the initiation fee and periodic dues.

The International Union and Locals No. 372 and 628 agree to protect the Company under this section and to refund to the Company money that may be involved in the event a member from whose earnings, dues, and initiation fees shall have been deducted by the Company should resort to or cause legal action to be taken against the Company because of such deductions.

ARTICLE V Leave of Absence for Union Activity

Upon written request fifteen (15) days in advance by the Local Union, the Company shall grant a leave of absence to not more than two employees for Union activities. An employee elected to a Union position or selected by the Union to do work which takes him from his employment with the Company shall, upon the written request of the Union, receive a temporary leave of absence for the period of his services for the Union. Upon his return, providing his seniority qualifies him, such employee shall be reemployed to his job or at work generally similar to that in which he was engaged last prior to his leave of absence, and his seniority shall accumulate throughout the period of his leave of absence. Such leave of absence shall be made and granted yearly, subject, however, to the provision of Article IX hereof.

ARTICLE VI Bulletin Boards

The Company will provide bulletin boards of at least 2' by 2' to be placed on its property where they may be seen by employees entering and leaving their places of employment. Such boards shall be used exclusively by the Union, such use to be confined exclusively to posting on said boards notices pertaining to dues, meetings, and other usual, regular and bonafide activities of the Union, it being the intention hereof that the Union will not use said boards for the direct solicitation of membership in the Union.

ARTICLE VII Seniority

Section 1. For seniority purposes, the Companies shall be divided into the following separate basic seniority units. However, employees laid off from one basic seniority unit will be given preference in case of hiring by another basic seniority unit, if the laid off employee(s) is qualified.

- I. Columbia Gas Transmission LLC
 - A. St. Albans Area Basic Seniority Units as follows:
 - 1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:
 - Alexandria, KY
 - Boldman, KY
 - Grant, WV

Huff Creek, WV
Inez, KY
Lockwood, KY
Mt. Olivet, KY
St. Albans, WV
Winchester, KY

2. Compressor Seniority Units consisting of work locations at:

Boldman, KY
Ceredo, WV
Grant, WV
Hamlin, WV
Hubball, WV
Huff Creek, WV
Inez, KY
Kenova, WV

B. Clendenin Basic Seniority Units as follows:

1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:

Clendenin, WV
Cobb, WV
Coco, WV
Frametown, WV
Glenville, WV
Lanham, WV
Ripley, WV
Rockport, WV
St. Albans, WV (Building Services, Trucking, Gas Measurement, Warehouse & Yard)

2. Compressor Seniority Units consisting of work locations at:

Clendenin, WV
Cobb, WV
Coco, WV
Frametown, WV
Glenville, WV
Hunt, WV
Lanham, WV
Ripley, WV
Rockport, WV
Walgrove, WV

3. Charleston Building Services

C. Strasburg Basic Seniority Units as follows:

1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:

Cleveland, WV
Elkins, WV
Glady, WV
Pickaway, WV
Seneca, WV
Terra Alta, WV
2. Compressor Seniority Unit consisting of work locations at:
Cleveland Compressor Station
Files Creek Compressor Station
Glady Compressor Station
Hardy Compressor Station
Lost River Compressor Station
Seneca Compressor Station
Terra Alta Compressor Station

II. Columbia Gas of Kentucky, Inc.

- A. Lexington Distribution Seniority Unit consisting of the following work locations:

Frankfort, KY
Irvine, KY
Lexington, KY
Maysville, KY
Paris, KY
Winchester, KY
- B. Ashland Distribution Seniority Unit consisting of the following work locations:

Ashland, KY
Inez, KY
East Point, KY

III. Columbia Gas of Ohio, Inc.

- A. Ironton Distribution Seniority Unit consisting of the following work location:

Ironton, OH

Section 2. Seniority shall be established upon the date the employee is classified as a Regular employee and shall relate back to the date six (6) months next preceding such classification.

Section 3. It is agreed, except as set out, that the Company will in all cases of

promotion, demotion, transfer, and decrease or increase of personnel, consider the following factors, and where factors (a) and (b) are, in the opinion of the Company, relatively equal, seniority shall govern.

- (a) Training, ability, skill and efficiency
- (b) Physical fitness
- (c) Seniority shall govern in the following order:
 - (1) In the basic seniority unit
 - (2) In the respective Company (that is, TCO, CKY or COH)
 - (3) Within the Bargaining Unit

In making transfers, the Company will give special consideration to any employee who has previously submitted a request for transfer and will attempt to avoid transferring any employees who prefer not to be transferred.

Nothing in this Section shall be construed to supersede or nullify any of the provisions contained in other Articles.

Section 4. In the event of a "reduction in force," layoff, or closing of a facility, which results in a net decrease of personnel within the respective Company (that is, TCO, CKY, or COH), the following process shall apply:

- (a) When an employee is displaced as described above, he may exercise his bargaining unit seniority over the most junior employee within his same classification either within his basic seniority unit or within the respective Company (that is, TCO, CKY, or COH) or, if qualified, over the most junior employee in any classification at the work location or in his basic seniority unit. This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (b) The displaced employee from (a) may then exercise his bargaining unit seniority over the most junior employee in his same classification within the respective Company (that is, TCO, CKY, or COH) or, if qualified, over the most junior employee in any classification in the respective Company. This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (c) If an employee is displaced in (b) he, if qualified, may then exercise his bargaining unit seniority over the most junior employee in the respective company (that is, TCO, CKY, or COH). This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (d) If in any of the preceding steps an employee elects not to or can no longer exercise his seniority, he will be the individual that is displaced.

- (e) In all other Section 3 situations, such as re-allocation of the workforce, Article II, Section 2 and Article VII, Section 3 will govern.
- (f) If the cause of the reduction in force is a direct result of contracting out, then the provisions of Article VIII will apply.

Section 5. Whenever an employee is permanently transferred from one basic seniority unit to another, he shall be considered a new employee insofar as his seniority in the new basic seniority unit so transferred to, is concerned. However, such employee shall retain his Company seniority and also the seniority he had accumulated in the basic seniority unit from which he was transferred. It is understood that the temporary transfer of an employee will in no way affect his seniority status, and the Company shall be required to notify the employee involved as to the temporary or permanent nature of the work.

Section 6. For seniority purposes, each employee shall be credited, except as otherwise provided, with all periods of actual service accruing after the commencement day of said seniority and, in addition thereto, shall be credited with time lost resulting from (a) jury service or serving as a witness under Court subpoena; (b) layoffs of not more than six-months' duration; (c) illness or injury regardless of duration; (d) service in the military forces of the United States or service upon being drafted in an essential war industry by the Government: Provided, however, that such accrued time shall not continue for a period more than that required by law after discharge or release from such service.

Section 7. An employee shall lose his seniority rights under the same terms that he loses his classification as a Regular employee, as provided in Article II, Section 3(c) of this Agreement.

Section 8. The Companies shall furnish the Secretaries of the Union with the seniority list for each Basic Seniority Unit on an annual basis. Said seniority list shall show the employee's Bargaining Unit Seniority Date, Company Seniority Date, and Basic Seniority Unit Date.

Section 9. The Company agrees, upon request, to review with employees or their representatives any cause of layoff, transfer, or rehire, or promotion affecting a worker's seniority status, or any training situation involving one or more employees in which an injustice is alleged and, in the event an injustice is done, will rectify such injustice, provided such request is made within thirty days from the date the injustice first occurred. If no agreement is reached, the matter will assume the status of a controversy subject to the grievance and arbitration procedure provided for in Articles XXVIII and XXVIX hereof, and the Arbitrators shall have the right to reverse a Company decision in matters relating to Section 3 hereof when there is proof of abuse of the Company's discretion.

ARTICLE VIII Contracting Out

Pursuant to Article II, Section 2 of this Agreement, the parties understand that the Company may elect to use independent contractors. However, it is further understood that the Company shall not so contract any work which is performed by its Regular employees which will directly result in one or more Regular employees being laid off. It is further understood that if any Regular employee is permanently transferred to a new work station as the direct result of such contracting out of work, the Company shall pay the employee's reasonable costs and expenses incurred incident to such transfer in an amount not less than those specified and provided for the

applicable employees in the respective Company's current Transfer of Personnel Policy.

ARTICLE IX Physical Examinations

Section 1. The Company may, in cases of frequently recurring absences from duty, or in other exceptional cases, require an examination of any Regular employee by a physician of his own choosing as a condition of continued employment. If the Company is not satisfied with the report of the physician chosen by the employee, the Company may require a reexamination of such employee by a physician chosen by the Company. If the two examinations are not in accord, then the physician chosen by the employee and the one chosen by the Company may elect a third physician to make an examination of such employee, and the decision of the third shall be final.

ARTICLE X Employee Disability Plans

The Short-Term Disability Plan

The purpose of the Short-Term Disability Plan is to provide all employees, as defined in Article II, Section 3(a) of this Agreement, greater economic security by providing wage allowances during the periods when such employees may be absent from work by reason of a disability due to personal illness, injury, or serious illness or accident.

Eligibility Requirements

To be eligible for such allowances under this Plan, the employee must:

- A. Be classified as an employee, as defined in Article II, Section 3 (a), of this Agreement.
- B. Permit examination or inquiry by the Company, and furnish a physician's certificate upon request, and must have reported the cause of absence at or as soon after the beginning of the first scheduled working day of absence as the circumstances (including the nature of the disability or illness) reasonably permit.

Basis for Determining Pay

- A. Short-Term Disability payments will be computed on the basis prescribed by Article XII of this Agreement.
- B. Only absences of four hours or more will be charged against an employee's Short-Term Disability allowance.

- C. Short-Term Disability payments will not be allowed for disability incurred while an employee is on leave of absence, furlough, suspension from work, for an illness or injury which may obviously be the result of the employee's own misconduct, or, except as hereinafter provided, for disability which is compensatory under the Workers' Compensation Law of the State of employment or any State or Federal Disability Law.
- D. For the purpose of this plan, employees will be credited with one calendar year of service as of the December 31 following date of employment and shall be credited with an additional year on each subsequent December 31.
- E. When a period of continuous absence extends from one calendar year into the next, the Short-Term Disability allowance is continued until any unused portion of the maximum allowance based on the credited calendar years of service at the beginning of such continuous absence has been paid. On the expiration of benefits, the time allowable for the current calendar year will not commence until after the employee has returned to work.
- F. Payment by the Company to an employee absent for disability compensatory under the State Workers' Compensation Laws, or any State or Federal Disability Law, shall be limited to the difference between the amount of compensation receivable and the Short-Term Disability allowance under this plan.
- G. You may receive short-term disability benefits for up to eight (8) hours, twice per calendar year, if a sudden onset of a serious illness or injury to your immediate family prevents you from working, and the medical situation is such that it absolutely requires the employee be in attendance. This time allows the employee to make arrangements for care of the family member and/or be available to make treatment decisions for medical emergencies. Subject to supervisory approval the time necessarily absent from work shall not exceed a reasonable period.

Schedule of Payments

Post January 1, 2004, the "Schedule of Payments" is as follows:

Years of Service	Maximum Benefit		
	Period	Weeks at Full Pay	Weeks at 60% Pay
1 to 9	26	8	18
10 to 19	26	16	10
20 and above	26	26	0

The preceding "Schedule of Payments" represents the maximum allowance for absence permitted an employee on account of personal illness or for serious illness.

Prior to January 1, 2004, where an employee has 20 years or more of service, a special recommendation will be made by the supervisor and submitted to the Management for consideration for extension beyond the above disability schedule.

If an employee is absent due to personal illness, injury, or serious illness or accident, the time necessarily absent from work shall not exceed a reasonable period: Provided, however, that if an employee is absent from work due to death in his immediate family, such absence shall not be charged against the benefits to which such employee is entitled; however, such absence from work for any such death shall not exceed a reasonable period.

In all cases of excusable absence from work, the employee is expected to return as soon as reasonably possible, and failure to do so will give the Company the privilege of modifying the above schedule as to such employee in such manner as it shall deem advisable under the circumstances.

Employees With Less Than One Year's Service

When an employee with less than one credited calendar year of service is absent because of personal illness, injury, or serious illness or accident, a recommendation of time off with pay not to exceed a total of five (5) days will be considered.

The Long-Term Disability Plan

The purpose of the Long-Term Disability Plan is to provide all employees, as defined in Article II, Section 3(a) of this Agreement, additional economic security during periods of total disability.

Eligibility for Coverage

All employees are automatically covered by the Plan on a noncontributory basis beginning with the first day they are actively at work.

Commencement and Duration of Benefits

- A. An employee will be eligible for Long-Term Disability income, subject to the exceptions in this Section, if his disability prevents him from performing his own duties and engaging in any other reasonable occupation for 26 consecutive weeks: Provided, that separate periods of disability are considered as one continuous period if they arise from the same or related causes and are interrupted by no more than six months of active service. Once started, LTD benefits beginning before age 60 will continue to age 65 or until recovery, whichever occurs first. LTD benefits beginning at age 60 or after will continue for five (5) years after payments begin under the Plan, or to age 70, or until recovery, whichever occurs first. Proof of disability will be required before an employee can qualify for benefits, and the insurance company may require proof, from time to time, that the disability still exists.
- B. No benefits are payable for a disability starting during the first twelve months of an employee's participation in the Long-Term Disability Plan if the disability is connected with an illness or injury for which the employee received medical treatment or services during the three-month period just before his participation began.
- C. During furloughs (but not layoffs) and approved leaves of absence (except for military service), an employee's Long-Term Disability Plan coverage will continue for the first two months of leave.

- D. No benefits will be payable for disabilities resulting from intentional self-inflicted injury, or insurrection, riots, war (declared or undeclared), etc., or commission of, or an attempt to commit, a crime.

Long-Term Disability Income

- A. Any employee who qualifies for Long-Term Disability will receive a monthly benefit equal to 50% of his base monthly pay. The monthly disability income benefit payable from these plans will be reduced by amounts received from any retirement, unemployment, Workers' Compensation, or disability benefits provided under any state or federal plan, except Social Security or if you receive other forms of compensation or disability benefits from Columbia. Any primary Social Security disability benefits which are payable or may become payable to the employee will not affect the Long-Term Disability benefit, except that total disability income from all above sources may not exceed 70% of the employee's base monthly salary.
- B. The full amount of Columbia's portion of an employee's Group Life Insurance continues in force as long as he is receiving Long-Term Disability benefits. An employee's Accidental Death and Dismemberment Insurance coverage will be suspended during his period of total disability.

Contributions by Employees

Long-Term Disability Plan coverage at the 50% level will be noncontributory and participants may elect to purchase additional coverage at the 60% level.

Miscellaneous Provisions

- A. An employee may continue coverage under Columbia's Comprehensive Medical Expense Plan for his eligible dependents by paying the normal employee monthly contribution rate.
- B. If the Long-Term Disability Group Insurance Contract is terminated, the employee's Long-Term Disability rights under this Plan will terminate: Provided, however, that an employee who is totally disabled when the Group Insurance Contract is terminated will continue to be covered by the Long-Term Disability Plan.

Further, termination of employment will terminate rights under this Plan.

- C. The preceding paragraphs set forth the basic features of the Long-Term Disability Plan and are subject to the provisions of the Long-Term Disability Group Insurance Contract with Aetna Life Insurance Company or a successor Insurer.

**ARTICLE XI
 Vacations**

EMPLOYEES HIRED BEFORE JANUARY 1, 2000

Full Years of Service Completed	Vacation Eligibility granted January 1	Total Hours
At least 1 year, but less than 3 years at December 31	2 weeks granted the following vacation year	80
3 to 9 years at December 31	3 weeks granted the following vacation year	120
10 to 23 years at December 31	4 weeks granted the	160

	following vacation year	
24 to 33 years at December 31	5 weeks granted the following vacation year	200
34+ years at December 31	6 weeks granted the following vacation year	240

**EMPLOYEES HIRED OR REHIRED
 AFTER JANUARY 1, 2000 AND BEFORE JANUARY 1, 2013**

Full Years of Service Completed	Vacation Eligibility granted January 1	Total Hours
At least 1 year, but less than 3 years at December 31	2 weeks granted the following vacation year	80
3 to 9 years at December 31	3 weeks granted the following vacation year	120
10 or more years at December 31	4 weeks granted the following vacation year	160

**EMPLOYEES HIRED OR REHIRED
 AFTER JANUARY 1, 2013**

Full Years of Service Completed	Vacation Eligibility granted January 1	Total Hours
At least 1 year, but less than 3 years at December 31	3 weeks granted the following vacation year	120
4 or more years at December 31	4 weeks granted the following vacation year	160

Vacation bonus of 5 days at every 5 year service intervals.

Employees hired any time during the month of December will, for vacation purposes only, be deemed to have been hired on the first day of December.

Retiring employees (either normal or early retirement) will receive payment for vacation time accrued during the year of retirement. The payment will be computed on the basis of 1/12 of the vacation eligibility for each full month of service in his final calendar year up to the date he enters retirement status. Vacation eligibility will be determined on the basis of total years of service as of the end of the final calendar year of employment. A vacation payment for employees who become deceased will be made for vacation time accrued during the year in which death occurs. The payment will be computed on the basis of 1/12 of the vacation eligibility for each full month of service in his final calendar year up to the date he becomes deceased. Vacation eligibility will be determined on the basis of total years of service as of the end of the calendar year of employment. Payment to the survivor(s) of the deceased employee will be made in accordance with the laws of the state in which he was a resident.

Eligibility Requirements

To be eligible for vacation, the employee must:

- A. Be classified as a Regular employee, and
- B. Be actively employed at the time the vacation is scheduled to commence.

General

- A. The vacation period will extend from January 1 through December 31 of each year. Upon reasonable notice, an employee may request that his vacation be scheduled for any period between these two dates.
In order that the service of the Company may be adequately and properly maintained, the Company reserves the right to fix the time at which a vacation may be taken, but will endeavor in all cases to arrange such vacation at a time desired by the employee. Upon approval of an employee's request the time set will be considered as the employee's scheduled vacation period.
However, the Company recognizes that from time to time employees are confronted with unusual situations that conflict with their scheduled vacation. When this occurs, employees may request a change in their scheduled vacation. This request must be submitted ten days in advance to the requested change. Vacation may be deferred within the calendar year if the employee is hospitalized prior to commencement of vacation, with proper prior notice to his supervisor. Upon receipt of the employee's request, the supervisor will grant the request, provided it does not interfere with either the operations of the Company or the previously scheduled vacation of other employee(s).
- B. Vacation will commence upon the first normal work day or shift from which the employee is absent on account of vacation, and will run consecutively for the vacation period to which he is entitled.
- C. An employee will be entitled to receive an additional day of vacation for a holiday observed by the Company which occurs within his scheduled vacation period, if such holiday occurs within his regularly scheduled work week.
- D. An employee with two (2) weeks or more vacation allowance may split one (1) week of said vacation allowance into one (1) or more full days. An employee with four (4) weeks or more vacation allowance may split two (2) weeks of said vacation allowance into one (1) or more full days. Employees should submit their request for split week vacation allowance as required under Paragraphs A and M herein; however, when unforeseen circumstances occur and reasonable notice thereof is afforded to the Company, an employee will be granted a change in his split vacation allowance if it does not interfere with the operations of the Company or the previously scheduled vacation of other employee(s).
- E. It shall not be permissible to postpone a vacation from one year to another, nor to draw vacation pay in lieu of a vacation, except as noted in Paragraphs F, G, H, I, and J, below.
- F. An employee whose retirement has been approved will be entitled to receive a vacation, or to draw vacation pay in lieu of such vacation, in the year in which the retirement takes place.
- G. An employee entitled to a vacation, who is laid off due to lack of work, will be entitled to receive vacation pay in lieu of such vacation. A furloughed employee who accepts temporary reemployment and who is entitled to a vacation will have the option to take vacation pay in lieu of such vacation or to have his vacation rescheduled to a time in the vacation period after he returns to his former job.

- H. An employee who resigns or is discharged will be entitled to receive vacation pay in lieu of such vacation, if otherwise eligible.
- I. Regular employees entitled to a vacation who enter Military Service will be entitled to vacation pay in lieu of vacation in the year in which they enter Military Service, and also in the year in which they return to the Company from Military Service: Provided, however, that they do not enter Military Service and return from Military Service in the same year.
- J. Eligible employees may exercise a vacation carryover option subject to the following requirements:
 - (1) Employees eligible for two (2) weeks vacation must take two weeks of vacation and will not be eligible for carry over. Up to 40 hours of carry over may be approved with management's discretion. Employees eligible for three (3) or more weeks of vacation may apply for a vacation carryover for only that portion of the vacation allowance in excess of two (2) weeks.
 - (2) Vacations will normally be taken in units of five (5) days, except that employees may be granted permission to split their vacation into lesser full day periods.
 - (3) The right to exercise the carryover option shall be subject to the approvals provided in Subparagraph A above.
 - (4) The request for carryover must be made in writing by the employee no later than December 1 of the vacation period preceding that in which the carryover is to be effective.
 - (5) Vacation weeks carried over must be taken during the immediately following vacation period.
- K. The survivor(s) of an employee, who is deceased prior to receiving a vacation to which he would have been entitled, shall receive pay in lieu of vacation. Payment will be made in accordance with the laws of the State in which he was a resident.
- L. Employees will be given an opportunity to signify, in writing, prior to the 15th day of March, upon a list to be furnished by the Company and posted in each Department, their choices of vacation dates: Provided, however, that any employee desiring his vacation between January 1 and April 1 must make arrangements with his supervisor. Seniority shall be given paramount consideration.

ARTICLE XII Off-Duty Pay

All authorized off-duty pay for such purposes as vacations, holidays, illness, jury service, or for any other reason provided herein shall be at the rate of pay of the employee's regular classification for the number of hours regularly scheduled to work. The foregoing provisions of this Article are, however, subject to the provisions of Article X hereof.

ARTICLE XIII Termination Pay

Nothing herein contained shall be construed to interfere with the right of the Company to

suspend or discharge or lay off an employee for just cause: Provided, however, that when a reduction in the Regular personnel is necessary, the employees whose services are to be discontinued shall be given five days' advance notice thereof; and in the event such notice is not given, the Company will pay such employee the equivalent of five days' pay at his regular rate. The respective Company agrees that if there is a need to reduce its regular personnel during the term of the Agreement, due to a "reduction in force," layoff, or closing of a facility, which affects one or more employees, to meet with the Union to discuss the provisions of a special severance program which may be available.

ARTICLE XIV Leaves of Absence

Section 1. When its business permits, the Company may grant a leave of absence to an employee, upon request, for a period of not to exceed three months, for any reason other than for the purpose of seeking or accepting other employment. Such leave of absence may also be extended for a similar period, if mutually agreed upon between the Company and the employee.

Section 2. All leaves of absence in excess of thirty days shall be in writing, and a copy thereof furnished the employee and the Union.

Section 3. Before the expiration of any leave of absence in excess of thirty days, or an extension thereof, the employee shall apply for reinstatement and, if he is physically qualified to perform his former duties, shall be reinstated. The Company may require, as a condition precedent to reinstatement, a physical examination, as provided for in Section 2 of Article IX.

Section 4. If such employee does not apply for reinstatement before expiration of the period of the leave of absence, or if he accepts other employment during such leave of absence without the written consent of the Company, or if he is physically unqualified to perform his accustomed work his employment with the Company will cease and terminate.

Section 5. Upon reinstatement of the employee at the expiration of leave of absence, he shall resume his employment in the job classification which he left with the Company and shall receive his seniority and other benefits to which he was entitled at the time his leave was commenced.

ARTICLE XV Safety

The parties hereto agree that safety of employment is of vital importance both to the Company and the employee, and further agree that no employee shall be required to perform any work, unless reasonably proper safeguards are maintained. An inspection of any equipment may be secured at all reasonable times upon the recommendation of any employee working on or near such equipment. The local Worker's Committee may meet with the Operations Manager and if not satisfied, then with the Management, for the purpose of discussing the elimination of hazards in order to prevent accidents.

ARTICLE XVI Pay Days

Section 1. The Company shall pay its employees on a bi-weekly basis. Employees shall have the option to have direct deposit of their checks or to have their checks mailed directly to the residence or mailed to be in the hands of the supervisors for delivery by them to the employees on the mornings of alternate Friday pay days. Whenever a regular pay day falls on a recognized holiday, the Company shall endeavor to have the checks to the employees as elected above on the workday preceding the holiday.

Section 2. Employees' pay shall be made available at the work station closest to them during regular office hours or mailed directly to their residence. However, employees whose hours begin and end at other than regular office hours of the Company shall be paid at their job site. Employees who live and work at locations distant from their work stations shall have their pay checks mailed to them.

Section 3. There shall be a two week lag for the payment of exception pay by the Company. At the time the exception pay is paid, the Company will provide information to the employee identifying the period of time for which the employee is being paid exception pay.

ARTICLE XVII Lunch Period

Section 1. Each employee shall be entitled to a lunch period after the employee has been on duty for four hours. The length of time for said lunch period shall be reasonable and shall be fixed by agreement between the Worker's Committee and the Company, or a representative thereof.

Section 2. Whenever continuous overtime work of two hours or more is required and at intervals of four hours subsequent thereto, the Company shall, for each and every occurrence, furnish the employee a meal at its own expense and afford the employee an opportunity of eating same, or in lieu thereof such employee shall be paid \$17.00 for each occurrence.

Section 3. Whenever a call-out involves continuous work of five (5) or more hours, the Company shall, after four (4) hours, furnish the employee a meal at its expense and afford the employee an opportunity of eating same, or in lieu thereof such employee shall be paid \$17.00. The foregoing requirement shall not apply in the case of an employee who is called out to perform a scheduled shift.

ARTICLE XVIII Schedule of Hours

Section 1. Time and one-half shall be paid for all overtime in excess of eight hours on any work day, and for all overtime in excess of forty hours in any one work week: Provided, that no employee shall be paid both daily and weekly overtime on account of the same hours of overtime worked: Provided, further, that an employee shall not be laid off in order to avoid overtime payments.

Section 2. All work performed on Sunday by other than shift workers shall be paid for at the rate of double-time the employee's regular rate: Provided, however, that such premium payments for Sunday work shall be credited against any weekly overtime which may accrue.

Section 3. When an off-duty employee is called out to work outside of his regular hours, he shall receive:

(a) overtime pay at the time and one-half rate for the hours actually worked on the call-out; plus

(b) a call-out allowance at the straight-time rate for the difference between the hours actually worked and four hours.

If a call-out involves four or more hours of work, the call-out allowance shall not be payable, inasmuch as all hours are at the overtime rate: Provided, that for the purpose of determining call-out pay, the period of any call-out shall not extend past the commencement of the affected employee's next regular work period.

Section 4. CKY/COH (Ironton) Only: Callout Acceptance – The standard amount of individual callout overtime acceptance required shall be 33% for the first year of the program. All employees who achieve a 33% or higher rate during the first 12 month period shall revert to an annual callout acceptance of at least 25%. Any employee who does not achieve the 33% rate in the first year will remain at the 33% performance level. Individual performance levels will be evaluated for all employees on an annual basis. Failure to meet this requirement of callout overtime will be addressed by management on a case by case basis.

Performance expectations around callout acceptance will be evaluated by management on an ongoing basis and employees may be moved up or down between the 25% and 33% expectation rates based on their individual performance.

Special consideration will be given to the following, but not all inclusive of:

- (a) Emergency Response
- (b) Continuous Overtime
- (c) Volume of Calls

Employees would not be held accountable for the above percentage while on approved sick time or any scheduled approved vacation.

All employees will receive a quarterly update of their callout performance and the Union will receive a quarterly list of the entire local (subject to implementation of an automated call-out system).

Callout percentages will be discussed at union management meetings and reviewed quarterly on a case by case basis.

Section 5. When an employee reports for work as scheduled or as requested under other circumstances than those covered by Section 3 of this Article, he shall receive the greater of (a) his appropriate rate for the hours worked or (b) four hours' pay at straight-time: Provided, that such reporting pay shall not be payable if four hours prior to the time for reporting, the employee is notified by the Company not to report. If as much as five hours' work is done, he shall be compensated for a full day's work at straight-time.

Section 6. TCO ONLY: When an off-duty employee is called after his/her normal work schedule, regarding an operational problem and not required to report to work under the call-out procedures, they shall receive:

- (a) A minimum of 1 hour pay at the appropriate overtime rate for each call-up of 15 minutes or less.
- (b) Should the call-up occur after midnight, but before 5:00am, he/she shall receive 2 hours of straight pay for call-up of 15 minutes or less.

Section 7. Each employee shall be given at least one week's prior notice of any change in

his regular day off or any change in his scheduled shift. Upon failure of the Company to give such notice, such employee shall receive premium pay at the rate of time and one-half his regular rate for the first eight hours worked on his first previously scheduled day off, or on his changed shift: Provided, that an employee shall not receive any premium pay under this Section when such employee's own schedule is changed:

- (a) at his request,
- (b) as the result of his filling a job under the posting procedure, or
- (c) as a result of his placement because of his physical disability.

Section 8. Any employee who works a double shift at the request of the Company shall receive premium pay at the rate of time and one-half his regular rate for the second shift: Provided, however, that any such premium pay shall be credited against any daily or weekly overtime which may have accrued.

Section 9. Overtime at the rate of time and one-half shall be paid for hours worked in excess of eight in the case of continuous work, even though two different work days are involved. In addition, whenever an employee is required to work more than sixteen (16) consecutive hours, he shall be paid for all consecutive hours worked in excess of sixteen (16) at two (2) times his straight-time rate until released from duty by the Company: Provided, however, that any such premium pay shall be credited against any daily or weekly overtime which may have accrued.

Section 10. When a call-out or prescheduled overtime is required, it shall be apportioned as reasonably practicable among qualified employees, who are either permanently or temporarily assigned to the work location. Consideration will then be given to the available employee in the classification that normally performs the work including those temporarily assigned employees who have been assigned or upgraded into a "fill-in" position for normal operations for 30 or more consecutive work days. A record of the overtime hours worked by each employee will be posted monthly by Columbia Gas Transmission LLC, Columbia Gas of Kentucky, Inc., and by Columbia Gas of Ohio, Inc. If an employee is excused from an overtime assignment which he has been requested to perform, his overtime record shall be charged with the same number of hours as that of the employee who actually performed the overtime work.

When continuous overtime is required by the Company, the employee(s) who is working on the job will be allowed to work the overtime. The Company will not be required to pay for time not worked under this section; however, the Company will endeavor to equalize the overtime as reasonably as practicable.

Section 11. Whenever an employee has worked in excess of sixteen (16) hours, whether continuous or non-continuous, within a twenty-four (24) hour period (start of shift to start of shift makes up the 24 hour period) and has been released from duty by the Company, the employee, when possible, should be entitled to an eight (8) hour rest period before their return to work.

Whenever an employee has worked more than 13 hours but less than 16 actual hours continuous or non-continuous, within a twenty-four (24) hour period (start of shift to start of shift makes up the 24 hour period) and has been released from duty by the company, the employee, when possible, should be entitled to a five (5) hour rest period before returning to work.

If the rest period extends into the employee's regular scheduled shift, they shall be excused with pay at their straight time rate for that part of their regular scheduled shift necessary to make up the eight (8) or five (5) hour rest period. In the event that an employee is required to work during such rest period, they shall receive straight time pay for the hours worked in addition

to rest-period pay.

Whenever an employee is required to work more than sixteen (16) consecutive actual hours, they shall be paid for all hours worked in excess of sixteen (16) at two (2) times straight time rate until released from duty by the Company.

Employees on call-out/standby will be required to complete on call period into their next shift.

Section 12. Paid vacation time, jury duty, short term disability, and military leave shall be considered as time worked for the purpose of computing overtime.

ARTICLE XIX Classifications

Section 1. An employee entering a classification shall receive the rate of pay shown in Addendum A. An employee required to work temporarily in a lower job classification shall, nevertheless, receive his achieved classified rate set forth in Addendum A. Further, an employee permanently reclassified to, or required to work temporarily in another job in the same job grade, shall retain his achieved classified rate set forth in Addendum A.

Section 2. Except as provided in the following paragraphs in this section, an employee required to work temporarily in a higher job classification shall receive the Replacement Rate therefore set forth in Addendum A.

An employee who has attained a higher regular job classification and who was demoted shall receive the highest rate which he had attained whenever he is required to work in such higher job classification.

An employee who works temporarily in a higher job classification shall receive credit toward the higher rates for all hours worked in such higher job classification. When an employee has amassed 1,040 work hours in such capacity, he shall thereafter receive the Six-Month Rate for work in the higher classification. When he has amassed an additional 1,040 work hours in such capacity, he shall receive the Twelve-Month Rate for work in the higher classification. An employee who has attained a higher regular job classification, and who was demoted, shall have the number of actual work hours in such higher regular job classification credited toward the aggregate 1,040 work hour periods set out in this paragraph.

Notwithstanding the preceding provisions, when upgrading is used to fill a position on a daily basis for a period of 130 work days in any calendar year, and, if the Company thereafter determines a permanent vacancy exists, this vacancy will be posted in accordance with provisions of Article XXV hereof.

Section 3. An employee is considered to be promoted when he is permanently reclassified to a job in a higher job grade. At the same time, except as provided in the following paragraphs of this section, his rate shall be increased to the Beginning Rate set forth in Addendum A, and in due course to the Six-Month Rate and to the Twelve-Month Rate.

An employee who has attained such regular job classification, and who was demoted, shall receive the highest rate which he had attained when he is again promoted to that classification.

In addition, the proper rate for an employee who has been promoted will be determined as follows:

- (a) Employees who have amassed between 520 and 1040 hours in the classification to which they were promoted will receive the Six-Month Rate.

Employees who have amassed between **1,040 and 2080** hours in such classification to which they were promoted, will be credited with the Twelve-Month Rate. Employees with less than 520 hours will be awarded the beginning rate and progression will be time based.

Section 4. An employee is considered to be demoted when he is permanently reclassified to a job in a lower job grade. At the same time, his wage shall be reduced to the Twelve Month Rate set forth in Addendum A for such lower job.

Section 5. A Regular employee who is furloughed for lack of work and who is offered temporary reemployment by the Company shall be entitled to receive his regular classified rate of pay while performing temporary work during the period of his furlough, even though he is employed on work of a lower classified rate of pay.

For the purpose of this Section 5, a furloughed employee shall be construed to mean one laid off for lack of work, but whom the Company intends to recall upon the resumption of operations at his regular place of employment.

ARTICLE XX

Wearing Apparel

Section 1. In conformity with the present practice of the Company, employees required to work under extreme weather conditions shall, if possible, be furnished with rain coats and rubber boots, which shall remain the property of the Company. Upon failure of any employee to return such apparel, he shall be charged for same, and said charge may be deducted from any sum due such employee by the Company: Provided, however, that where the Company requires its employees to wear a particular kind of apparel, the Company agrees to furnish same in the first instance, the cost of replacement, however, to be borne 75% by the Company and 25% by the employee.

Section 2. The Distribution Company agrees to furnish the first two (2) pairs of coveralls or the option of one (1) pair of coveralls and one (1) two-piece set of work clothing (Carhartt) and the first two (2) T-shirts to outside Distribution Plant employees, excluding employees who are required to wear a uniform. Distribution employees may substitute a one-piece set of work clothing (Carhartt) for the aforementioned two-piece set of work clothing (Carhartt).

Section 3. The Distribution Company will provide annually \$400 allotment for purchase of wearing apparel through approved Company vendor. Allotment will be loaded annually at the same time as any applicable increases. The purchase of boots will be included in the above defined allotment and may be reimbursed through the aforementioned allotment. An employee must purchase boots that meet all safety requirements. Such clothing will be provided to new hires on the following basis: (a) The Distribution Company will provide the first two (2) pairs of coveralls or one (1) pair of coveralls and one (1) two-piece set of work clothing and the first two (2) T-shirts without cost.

Section 4. Columbia Gas Transmission employees will be provided annually \$275 allotment for purchase of wearing apparel through approved Company vendor. Allotment will be loaded annually at the same time as any applicable increases. In addition, up to \$135 reimbursement of boots will be provided on an annual basis or as needed at supervisor's discretion.

ARTICLE XXI Holidays

Holidays shall be:

- New Year's Day
- Memorial Day (last Monday in May)
- Independence Day
- Labor Day
- Thanksgiving
- The Day After Thanksgiving
- Christmas
- Five (5) Personal (Floating) Days*

*Only the Personal (Floating) Days may be taken in increments of four hours.

In the year of hire, new employees will be granted floating holidays as follows:

- Employees hired between January 1 and March 31 will be granted 4 floating holidays.
- Employees hired between April 1 and June 30 will be granted 3 floating holidays.
- Employees hired between July 1 and September 30 will be granted 2 floating holidays.
- Employees hired between October 1 and December 1 will be granted 1 floating holiday.

In order that the service of the Company may be adequately and properly maintained, the Personal (Floating) Days are established with the understanding that the Company reserves the right to fix the time at which the Holidays may be taken, but will endeavor to arrange the day, if possible, at a time desired by the employee. If any of the above holidays fall on Sunday, the following Monday shall be observed as the holiday, except when such Sunday falls on a regularly scheduled work day of an employee; and if any of the above holidays fall on Saturday, the preceding Friday shall be observed as the holiday, except when such Saturday falls on a regularly scheduled work day of an employee. Employees required to work on any of the above holidays shall be compensated for hours worked at the rate of two and one-half times their regular rate of pay for the first eight hours worked, and at the rate of time and one-half their regular rate of pay for any hours in excess of the first eight hours worked. Regular employees not working on any of the above holidays shall receive eight hours' pay at their regular rate; and further, if any observed holiday falls on one of their regularly scheduled work days, such holiday shall be considered as time worked for the purpose of computing overtime.

ARTICLE XXII Jury Duty

In the event a Regular employee is called for jury service, said employee shall request time off from his supervisor. The Company will pay the employee his regular base pay while serving such duty.

Shift workers who are selected to serve on a jury (Federal or State), and are scheduled to work an evening or morning shift, may request a schedule change as provided by Article XVIII, Section 5. The Company will endeavor to accommodate the employee's request as reasonably as practicable.

ARTICLE XXIII Travel and Expenses

Section 1. An employee temporarily assigned from his home work station to another work station for a specific project anticipated to require one or more days of work, or for a specified length of time of one or more days, shall be (a) allowed to travel from his residence on Company time when first reporting to work at the temporary work station and when returning to his residence when the Company decides that his services at the temporary station are no longer required; (b) afforded the opportunity to travel to his residence and back to his temporary station every other weekend on Company time; (c) when the nearest suitable temporary lodging is more than ten miles away from the temporary work station, allowed to travel on Company time for the distance over ten miles both in reporting to the temporary station each morning and in returning to the place of temporary lodging each night; and (d) reimbursed for his reasonable and actual cost of temporary lodging and meals while away from home and lawful travel expenses and other reasonable and actual expenses incurred while away from home: Provided, that in lieu of the foregoing travel time allowances and expense reimbursements, the Company will reimburse the employee for the actual cost of his mid-day meal and his actual daily travel expenses between his residence and the temporary station and back if the distance between his residence and the temporary station is reasonably close, and if such alternative does not impair or disrupt the work continuity, or create added expense, or adversely affect the employee's performance of his temporary assignment. An employee in a daily travel situation under the "proviso" portion of Section 1, under normal driving conditions, will travel the first thirty (30) minutes going to and returning from the temporary assignment each day on his own time. Any travel time required beyond thirty (30) minutes will be considered as time worked.

Section 2. For the purpose of CKY/COH an employee assigned to work outside the jurisdictional area of his home work station at the time of his mid-day meal will be eligible for lunch money allowance of \$5.30.

Section 3. For the purpose of mid-day meals at TCO an employee assigned to work outside the jurisdictional area of his home work station at the time of his mid-day meal will be eligible for a lunch money allowance of \$6.00. The respective Operations Manager's area of responsibility is defined as the jurisdictional area.

Section 4. During the term of this Agreement, the personal vehicle mileage reimbursement rate shall be the Internal Revenue Service rate applicable to that period.

ARTICLE XXIV Benefit Plans

The Company agrees to continue during the life of this agreement, the current Retirement Income Plan (through 12/31/2012), the Account Balance Pension Plan, Long Term Disability, Group Life Insurance and PPO Medical Plan, unless modified by mutual agreement between the Company and the Union. The Company reserves the right to change plan administrators and vendors, eliminate any other medical plans, and modify savings plan options, and modify plans to be compliant with all government regulations.

ARTICLE XXV

Job Posting and Bidding

Section 1. When a permanent vacancy which is to be filled occurs within any of the job classifications set out in Addendum A, except Utility or Janitor, the Company will post notice thereof, including the intended date the vacancy is to be filled, in the particular basic seniority unit involved (as set forth by Article VII, Section 3(c)(1)) for a period of not less than ten (10) days prior to the time such vacancy is to be filled, during which time any eligible employee in such basic seniority unit may apply therefor; provided, however, that if any employee accepts a job that does not involve a change in his job classification, he shall be ineligible to exercise his rights to apply for another job that does not involve a change in his job classification for a period of twelve months following the effective date of job acceptance (provided further that an employee may exercise his rights to apply for another job that does not involve a change in his job classification if his work location is closed). In the event a permanent vacancy which is to be filled occurs within either the Utility or Janitor job classifications, the Company shall forthwith proceed to consider those employees within the same basic seniority unit who had applicable Requests for Transfer on file at the time the vacancy occurred. Any such vacancy will be filled in accordance with the terms of this Agreement, and the Company will post the name of the employee awarded any such vacancy, within two weeks after the expiration of the ten-day posting period, at all such work locations within the same basic seniority unit.

Section 2. In the case of a permanent vacancy posted under Section 1 of this Article but not filled by a bidder and in the case of a permanent vacancy within either the Utility or Janitor job classifications, the Company shall forthwith proceed to consider the following Regular employee groups in the order listed:

- (a) employees working elsewhere but with seniority rights in the basic seniority unit in which the permanent vacancy exists, who had applicable Requests for Transfer on file when the original vacancy was posted; in the instance of a three (3) day Utility notice, the job will be awarded based on an employee's seniority in the bargaining unit.
- (b) laid off employees who still retain their classifications as Regular employees under Article II, Section 3(c) hereof;
- (c) surplus employees;
- (d) pre-surplus employees;
- (e) furloughed employees; and
- (f) other employees who had applicable Requests for Transfer on file when the original vacancy was posted.

Employees who have Requests for Transfer on file and refuse to accept an offered transfer shall be ineligible to exercise their rights to (a) and (f) above for a period of twelve (12) months following the effective date of the offered transfer.

Irrespective of the employee group from which the vacancy may be filled, such vacancy will be filled in accordance with the terms of this Agreement; and within twenty (20) days, the Company will notify the Union and the involved employees of the results of such review: Provided, that nothing in this Article or other Articles of this Agreement shall be construed as requiring the Company to offer to the involved employees the same job classification under this Section 2 that was not filled by posting under Section 1.

Section 3. In the case of a permanent vacancy posted under Section 1 but not filled under preceding sections of this Article, before filling said permanent vacancy with a person who is not a Regular employee, as defined in Section 3 of Article II of this Agreement, the Company shall post

notice of said permanent vacancy at all other work locations within the bargaining unit which is covered by this Agreement.

Such posting shall be for a period of not less than ten (10) days, during which time any eligible employee (except those in the basic seniority unit involved) may apply therefor.

Any such vacancy will be filled in accordance with the terms of this Agreement; and the Company will post the name of the employee awarded any such vacancy, within two weeks after the expiration of the ten-day posting period, at all such work locations: Provided, that nothing in this Article or other Articles of this Agreement shall be construed as requiring the Company to post the same job classification under Section 3 that was not filled under the preceding Sections of this Article.

Section 4. The Union and the Company, being appreciative of the fact that the prompt filling of vacancies is to their mutual advantage, agree that if the filling of a vacancy by the Job Posting and Bidding Procedure results in one or more additional, permanent vacancies (secondary vacancies) to be filled, the Company will endeavor to post such secondary vacancies at the time of the posting of the primary vacancy. The Company will process the filling of all vacancies with all reasonable dispatch.

Section 5. Newly hired employees shall be ineligible to bid on or transfer to another job for a period of twelve (12) months following the effective day of job acceptance, except where such bid would involve a promotion to a higher job classification. Nothing in this Section 5 shall be construed as limiting the Company's right to transfer or to reassign employees.

ARTICLE XXVI

Emergency Response

Emergency response is the highest priority type of work or activity. To improve and ensure maximum emergency response in accordance with Gas Standards 6100.010(CG), an "Emergency Responder" rotation process shall be established to respond to all "PR and EI" orders.

All qualified employees, *with the minimum training of Customer Service B*, including but not limited to, plant, service, and construction shall be required to participate in the Emergency Responder rotation process.

PROCESS

1. A rotation process shall be established for designating "Emergency Responders" *and discussed with the Union.*
2. Emergency responders shall be determined by qualification and closest geographic proximity to an emergency regardless of work location *in the Bargaining Unit first. If an Emergency Responder responds to an emergency outside of the CKY/Ironton Operating Center area the response shall count toward the employee's callout acceptance percentage. If an Emergency Responder declines or does not respond to an emergency outside of his/her designated area, the non-response shall not count toward that employee's acceptance percentage.*
3. Emergency shall be defined as any "PR" or "EI" order.
4. Emergency responder rotation will be determined on a daily (24 hr.) or weekly basis as determined by management *and discussed with the Union to determine what would be best for that location and seniority shall prevail.*

5. The Gas Integration Center (IC) will be provided with one (1) contact number for each Emergency Responder that the employee will be available at for emergency response.
6. Each Emergency Responder is required to work the number of emergency response rotations assigned each year. However, with management approval, employees have the option to exchange/swap rotations provided they find a qualified replacement and make appropriate notifications to the IC and Front Line Leader. If no replacement is found, the assigned employee will be obligated to take the assigned "Emergency Responder" rotation.
 - A. In the case of a personal emergency, it is the employee's responsibility to directly contact their Front Line Leader.
 - B. Non-emergency replacements for special situations are the obligation of the employee and notification to the IC must be made at least 24 hours prior to the "Emergency Responder" rotation.
7. The order in which Emergency Responders are called shall be determined by management.
8. Emergency Responders shall be required to take a company vehicle home and if their community does not allow parking on the street, the Company will make arrangements to park the vehicle at an alternate location.
9. Emergency Responders will be determined by management.
10. Emergency Responder will be an agenda item at all Labor/Management meetings.

COMPENSATION

Emergency Responders on rotation will be paid \$25.00 for Monday thru Friday and \$35.00 Saturday, Sunday and Holidays.

Emergency Responders on rotation shall be entitled to Emergency Responder pay in addition to callout pay, if called.

ARTICLE XXVII Worker's Committee

Section 1. The Union shall elect not more than eight (8) members from Local 372 (to consist of at least one employee of Columbia Gas Transmission LLC, one employee of Columbia Gas of Kentucky, Inc., and one employee of Columbia Gas of Ohio, Inc.) and six (6) members from Local 628 to represent it in negotiations with the Company, those representatives to be the group herein referred to as the "Worker's Committee."

The foregoing shall have no effect upon the number of Worker's Committee members authorized under Article XXVIII to participate in the Grievance Procedure, except that at least one of the authorized Committee members so participating shall be an employee of the particular company involved in the grievance or controversy.

Section 2. The Committee above mentioned shall be selected from among and by the employees subject to this Agreement; and in order to be eligible for membership on such Committee, an employee must be a Regular employee of one of the Companies party to this Agreement, a member of the Union, and an American citizen.

Section 3. It is agreed that the Union will furnish the Company with a certified list of the members of said Committee and advise the Company, in writing, of any changes made therein from time to time, and only such members as have been duly certified by the Union shall be entitled to attend the meetings of said Committee and shall suffer no loss of pay therefor.

ARTICLE XXVIII Grievances

Section 1. Any employee may discuss with his immediate supervisor any complaint or other matter which he feels requires adjustment. The employee may be accompanied by his committeeman or his steward if he so desires.

Section 2. If a settlement is not obtained in Section 1 the employee or group of employees may seek redress as follows:

Step I. The aggrieved employee or group of employees shall present the grievance in writing, on forms to be supplied by the Company, to the appropriate immediate supervisor within thirty (30) calendar days after the occurrence giving rise to the grievance. The Operations Center Manager or the appropriate Operations Manager, as the case may be, and/or such other Company representative as he may designate shall within ten (10) days (excluding Saturday, Sunday and Holidays) investigate and meet with the aggrieved employee, or one member of a group of aggrieved employees, and not more than three (3) members of the Worker's Committee at a mutually agreed upon location. Within ten (10) days (excluding Saturday, Sunday and Holidays) after such meeting, the Company's decision shall be communicated in writing to the employee or employees concerned, the Worker's Committee, and the Secretary of the Local.

Step II. If results satisfactory to the employee or employees are not obtained in Step I, the case may then be submitted, in writing, within 30 days after the issuance of the Company's Step I answer for final determination by the Company to the designated Human Resources representative. The Company shall within thirty (30) days (excluding Saturday, Sunday and Holidays) or by mutual agreement, meet with the aggrieved employee, or one member of a group of aggrieved employees, and not more than three (3) members of the Worker's Committee. Within ten (10) days (excluding Saturday, Sunday and Holidays) after such meeting, the Company will communicate its decision in writing to the Union.

Section 3. It is agreed that if a grievance is not referred or appealed to the next Step within the specified time limits, as set out in Steps I and II above, it shall be considered settled without prejudice. The Management agrees that it will meet with the Worker's Committee at such times as may be agreeable, and those members of the Committee who are caused to lose time from their regular schedules because of such meetings shall suffer no loss of pay.

ARTICLE XXIX Arbitration

Section 1. If there arises any controversy between the employee or a group of employees and the Company, with respect to the interpretation of the provisions of this Agreement, or wherein there is alleged a violation of the terms of this Agreement, such controversy shall first be treated as an ordinary grievance and processed through the Steps, as provided for in Article XXVIII.

An earnest effort shall be made by the Company and the Union to reach an amicable adjustment of all grievances.

Section 2. In the event an amicable adjustment of a grievance, as defined in Section 1 of

this Article, cannot be reached by the grievance procedure as set out in Article XXVIII of this Agreement, the matter shall be submitted to Arbitration as provided in Section 3 hereof, after notice is given in writing within thirty (30) days after the completion of the grievance procedure. Unless notice is given within thirty (30) days as set forth above, the grievance shall be considered settled without prejudice.

Section 3. (a) If any controversy or grievance arising under the terms of this Agreement cannot be adjusted and settled in the manner above provided, the same shall be promptly submitted to a Board of Arbitration, to be selected as follows: One to be chosen without delay by the Company and one to be chosen without delay by the Union. These two shall meet within ten (10) calendar days; and if they cannot reach agreement, the Union arbitrator shall, within thirty (30) calendar days, notify the Company arbitrator of the Union's desire to select a third member to complete the Board of Arbitration. In the event such notice is not timely given, the matter shall be considered to have been settled. If these two cannot reach an agreement as to the selection of a third member, the Federal Mediation and Conciliation Service or another arbitration service mutually agreed to by the Company and the Union shall appoint said third member to complete the Board of Arbitration. When the third member has been thus selected, the parties will attempt to provide him with a joint statement of the issue to be arbitrated. The Board of Arbitration shall limit its decision to the issue or issues thus submitted by the parties and shall have no authority to amend, add to, or subtract from this Agreement. The decision of such Board of Arbitration shall be rendered without delay, and the decision of the majority of said Board shall be final and binding on all parties involved in such grievance and shall conclusively determine the same.

(b) If an employee's case is at any stage decided in his favor, he will be put in the same financial position by the Company as if it had been originally so decided and his seniority shall not be affected.

(c) Any number of grievances may be presented at the same arbitration hearing or hearings so long as the latest of those selected for hearing was appealed to arbitration no more than sixty (60) days after the date first was appealed to arbitration.

ARTICLE XXX

If any Court shall hold any part of this Agreement invalid, such decisions shall not invalidate the entire Agreement.

ARTICLE XXXI

This Agreement shall be effective from December 1, 2011, to the first day of December 2016, and, unless terminated at the end of that period by sixty (60) days' prior written notice from one party to the other, shall continue thereafter until terminated by either party on a sixty (60) days' written notice or amended by mutual consent.

ARTICLE XXXII

The United Steelworkers guarantees the Company performance of this Agreement by Local Unions Nos. 372 and 628 of the UNITED STEELWORKERS INTERNATIONAL UNION.

ARTICLE XXXIII

All notices in connection with the operation of this Agreement shall be mailed to:

Employee and Labor Relations Manager
Columbia Gas Transmission LLC.
P.O. Box 1273
Charleston, West Virginia 25325

Manager of Human Resources
Sr. Human Resources Consultant
Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc.
2001 Mercer Road
Lexington, KY 40511

Secretary-Treasurer
Local 372
2355 Kentontown Road
Mt Olivet, Kentucky 41064

Financial Secretary
Local 628
38 Cromwell Estates Road
Clendenin, WV 25045

United Steelworkers International Union
5 Gateway Center
Pittsburgh, PA 25111

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives, this ___ day of _____, 2012:

COLUMBIA GAS TRANSMISSION LLC, COLUMBIA GAS OF KENTUCKY, INC. and COLUMBIA GAS OF OHIO, INC.

Lori Johnson
Manager, Human Resources

Jodi Falknor
Sr. Human Resources Consultant

Jovette Pino
Director, Employee and Labor Relations

Dreama Whitmire

Employee & Labor Relations Manager

United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial and Service Workers International
Union AFL-CIP-CLC

Leo W. Gerard, International President

James D. English, International Secretary-Treasurer

Thomas M. Conway, International Vice-President
(Administration)

Fred Redmond, International Vice-President
(Human Affairs)

Ernest R. Thompson, Director District 8

Emmanuel S. Mason, Assistant to the Director

Brian P. Wedge, Staff Representative.

David A. Rutherford, President, Local 372

Curtis D. Edelman, President, Local 628

For Local 372

Phillip Messer

David Bailey

Chris Hedrick

Randall Clay

Merle E Lucas

Paul Dennin

Darrell Reffett

Rocky Mullins

For LOCAL 628

Mike Wood

Stephen Moore

Thomas Crosston

Stephen McDonald

Steve Bird

ADDENDUM A

COLUMBIA GAS TRANSMISSION LLC

The Job Classifications and Rates of Pay listed in the following schedules apply for the respective periods set forth below:

SCHEDULE 1

December 2011 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	31.54	31.95	32.31
A&E Mechanic B	29.83	30.25	30.55
A&E Mechanic C	28.17	28.30	28.64
Assistant Operator B	27.77	27.89	28.24
Building Facilities Electrician	31.18	31.59	31.95
Communications Repairman A	29.83	30.25	30.55
Communications Repairman B	27.77	27.89	28.24
Dis Instmt Mechanic A	29.83	30.25	30.55
Dist Instmt Mechanic AA	31.18	31.59	31.95
Dist Instmt Mechanic B	27.77	27.89	28.24
Dist Instmt Mechanic C	26.85	26.96	27.24
Groundskeeper	26.12	26.35	26.50
Heavy Equipment Operator	30.12	30.54	30.84
Janitor Night	23.84	23.96	24.16
Lead Janitor Night	24.83	25.00	25.24
Machinist	30.74	31.15	31.51
Maintenance Mechanic	31.18	31.59	31.95
Operating/Maint Man HDQ	29.83	30.25	30.55
Operating/Mntmn-Operating Cntr	28.58	28.87	29.25
Operator A	31.18	31.59	31.95
Operator B	29.83	30.25	30.55
Pipeliner	27.51	27.74	28.01
Pipeliner A	28.58	28.87	29.25
Pumper	27.77	27.89	28.24
Repairman	28.17	28.30	28.64
Roustabout A	28.58	28.87	29.25
Roustabout B	26.12	26.35	26.50
Truck Driver Heavy	28.58	28.87	29.25
Utility A	19.81	19.96	20.20
Utility B	18.63	18.78	18.88
Warehouseman	26.85	26.96	27.24
Welder A	28.58	28.87	29.25
Welder AA	29.83	30.25	30.55

Welder AAA	31.54	31.95	32.31
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SCHEDULE 2

December 2012 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	32.18	32.59	32.96
A&E Mechanic B	30.43	30.86	31.17
A&E Mechanic C	28.74	28.87	29.22
Assistant Operator B	28.33	28.45	28.81
Buildng Facilities Electrician	31.81	32.23	32.59
Communications Repairman A	30.43	30.86	31.17
Communications Repairman B	28.33	28.45	28.81
Dis Instmt Mechanic A	30.43	30.86	31.17
Dist Instmt Mechanic AA	31.81	32.23	32.59
Dist Instmt Mechanic B	28.33	28.45	28.81
Dist Instmt Mechanic C	27.39	27.5	27.79
Groundskeeper	26.65	26.88	27.03
Heavy Equipment Operator	30.73	31.16	31.46
Janitor Night	24.32	24.44	24.65
Lead Janitor Night	25.33	25.5	25.75
Machinist	31.36	31.78	32.15
Maintenance Mechanic	31.81	32.23	32.59
Operating/Maint Man HDQ	30.43	30.86	31.17
Operating/Mntmn-Operating Cntr	29.16	29.45	29.84
Operator A	31.81	32.23	32.59
Operator B	30.43	30.86	31.17
Pipelinr	28.07	28.3	28.58
Pipelinr A	29.16	29.45	29.84
Pumper	28.33	28.45	28.81
Repairman	28.74	28.87	29.22
Roustabout A	29.16	29.45	29.84
Roustabout B	26.65	26.88	27.03
Truck Driver Heavy	29.16	29.45	29.84
Utility A	20.21	20.36	20.61
Utility B	19.01	19.16	19.26
Warehouseman	27.39	27.50	27.79
Welder A	29.16	29.45	29.84
Welder AA	30.43	30.86	31.17
Welder AAA	32.18	32.59	32.96

SCHEDULE 3

December 2013 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	33.15	33.57	33.95

A&E Mechanic B	31.35	31.79	32.11
A&E Mechanic C	29.61	29.74	30.1
Assistant Operator B	29.18	29.31	29.68
Buildng Facilities Electrician	32.77	33.20	33.57
Communications Repairman A	31.35	31.79	32.11
Communications Repairman B	29.18	29.31	29.68
Dis Instmt Mechanic A	31.35	31.79	32.11
Dist Instmt Mechanic AA	32.77	33.20	33.57
Dist Instmt Mechanic B	29.18	29.31	29.68
Dist Instmt Mechanic C	28.22	28.33	28.63
Groundskeeper	27.45	27.69	27.85
Heavy Equipment Operator	31.66	32.1	32.41
Janitor Night	25.05	25.18	25.39
Lead Janitor Night	26.09	26.27	26.53
Machinist	33.15	33.57	33.95
Maintenance Mechanic	32.77	33.20	33.57
Operating/Maint Man HDQ	31.35	31.79	32.11
Operating/Mntmn-Operating Cntr	30.04	30.34	30.74
Operator A	32.77	33.20	33.57
Operator B	31.35	31.79	32.11
Pipelinr	28.92	29.15	29.44
Pipelinr A	30.04	30.34	30.74
Pumper	29.18	29.31	29.68
Repairman	29.61	29.74	30.1
Roustabout A	30.04	30.34	30.74
Roustabout B	27.45	27.69	27.85
Truck Driver Heavy	30.04	30.34	30.74
Utility A	20.82	20.98	21.23
Utility B	19.59	19.74	19.84
Warehouseman	28.22	28.33	28.63
Welder A	30.04	30.34	30.74
Welder AA	31.35	31.79	32.11
Welder AAA	33.15	33.57	33.95

SCHEDULE 4

December 2014 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	33.82	34.25	34.63
A&E Mechanic B	31.98	32.43	32.76
A&E Mechanic C	30.21	30.34	30.71
Assistant Operator B	29.77	29.90	30.28
Building Facilities Electrician	33.43	33.87	34.25
Communications Repairman A	31.98	32.43	32.76

Communications Repairman B	29.77	29.90	30.28
Dist Instmt Mechanic A	31.98	32.43	32.76
Dist Instmt Mechanic AA	33.43	33.87	34.25
Dist Instmt Mechanic B	29.77	29.90	30.28
Dist Instmt Mechanic C	28.79	28.90	29.21
Groundskeeper	28.00	28.25	28.41
Heavy Equipment Operator	32.30	32.75	33.06
Janitor Night	25.56	25.69	25.90
Lead Janitor Night	26.62	26.80	27.07
Machinist	32.96	33.40	33.79
Maintenance Mechanic	33.43	33.87	34.25
Operating/Maint Man HDQ	31.98	32.43	32.76
Operating/Mntmn-Operating Cntr	30.65	30.95	31.36
Operator A	33.43	33.87	34.25
Operator B	31.98	32.43	32.76
Pipeliners	29.50	29.74	30.03
Pipeliners A	30.65	30.95	31.36
Pumper	29.77	29.90	30.28
Repairman	30.21	30.34	30.71
Roustabout A	30.65	30.95	31.36
Roustabout B	28.00	28.25	28.41
Truck Driver Heavy	30.65	30.95	31.36
Utility A	21.24	21.40	21.66
Utility B	19.99	20.14	20.24
Warehouseman	28.79	28.90	29.21
Welder A	30.65	30.95	31.36
Welder AA	31.98	32.43	32.76
Welder AAA	33.82	34.25	34.63

SCHEDULE 5

December 2015 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	34.50	34.94	35.33
A&E Mechanic B	32.62	33.08	33.42
A&E Mechanic C	30.82	30.95	31.33
Assistant Operator B	30.37	30.50	30.89
Building Facilities Electrician	33.43	33.87	35.25
Communications Repairman A	32.62	33.08	33.42
Communications Repairman B	30.37	30.50	30.89
Dist Instmt Mechanic A	32.62	33.08	33.42
Dist Instmt Mechanic AA	33.43	33.87	35.25
Dist Instmt Mechanic B	30.37	30.50	30.89
Dist Instmt Mechanic C	29.37	29.48	29.80

Groundskeeper	28.56	28.82	28.98
Heavy Equipment Operator	32.95	33.41	33.73
Janitor Night	26.08	26.21	26.42
Lead Janitor Night	27.16	27.34	27.62
Machinist	33.62	34.07	34.47
Maintenance Mechanic	33.43	33.87	35.25
Operating/Maint Man HDQ	32.62	33.08	33.42
Operating/Mntmn-Operating Cntr	31.27	31.57	31.99
Operator A	33.43	33.87	35.25
Operator B	32.62	33.08	33.42
Pipeliners	30.09	30.34	30.64
Pipeliners A	31.27	31.57	31.99
Pumper	30.37	30.50	30.89
Repairman	30.82	30.95	31.33
Roustabout A	31.27	31.57	31.99
Roustabout B	28.56	28.82	28.98
Truck Driver Heavy	31.27	31.57	31.99
Utility A	21.67	21.83	22.10
Utility B	20.39	20.55	20.65
Warehouseman	29.37	29.48	29.80
Welder A	31.27	31.57	31.99
Welder AA	32.62	33.08	33.42
Welder AAA	34.50	34.94	35.33

ADDENDUM A (continued)

COLUMBIA GAS OF KENTUCKY, INC. and COLUMBIA GAS OF OHIO, INC.

The following schedule of wages shall apply to the following classifications for the respective periods set forth below.

SCHEDULE 1

December 2011 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	28.58	28.87	29.25
Construction Coord - Ironton	30.01	30.42	30.70
Construction Coordinator	30.01	30.42	30.70
Construct-Regulator Oper	30.09	30.51	30.80
Customer Service A	28.83	29.13	29.51
Customer Service B	27.77	27.89	28.24
Customer Service Sr	31.18	31.58	31.97
Dispatcher A	27.94	28.05	28.42
General Utility A	29.83	30.25	30.55
General Utility B	27.77	27.89	28.24
Heavy Equip Operator	28.58	28.87	29.25
Inspector A	28.02	28.14	28.49
Inspector B	26.85	26.96	27.24
M&R Tech 1	31.44	31.83	32.22
M&R Tech 2	30.00	30.40	30.71
Measure Regulat Inspect B	27.77	27.89	28.24
Measurement & Reg Tech II	31.44	31.83	32.22
Meter Reader	26.85	26.96	27.24
Meter Reader*	23.52	24.77	26.00
P & S Combo	29.98	30.41	30.69
Plant/Service Combination	29.98	30.41	30.69
Regulator Inspector A	29.91	30.32	30.63
Regulator Inspector AA	31.09	31.51	31.87
Street Service A	28.78	28.94	29.28
Street Service B	26.85	26.96	27.24
Street Service C	26.12	26.35	26.48
Truck Driver	26.85	26.96	27.24
Truck Driver Heavy	27.77	27.89	28.24
Utility A	19.81	19.96	20.20
Utility B	18.63	18.78	18.88
Utility Representative	26.12	26.35	26.48
Welder A	28.58	28.87	29.25
Welder AA	29.83	30.25	30.55
Welder AAA	31.44	31.84	32.22
Welder B	27.77	27.89	28.24

SCHEDULE 2

December 2012 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	29.16	29.45	29.84
Construction Coord - Ironton	30.62	31.03	31.32
Construction Coordinator	30.62	31.03	31.32
Construct-Regulator Oper	30.70	31.13	31.42
Customer Service A	29.41	29.72	30.11
Customer Service B	28.33	28.45	28.81
Customer Service Sr	31.81	32.22	32.61
Dispatcher A	28.50	28.62	28.99
General Utility A	30.43	30.86	31.17
General Utility B	28.33	28.45	28.81
Heavy Equip Operator	29.16	29.45	29.84
Inspector A	28.59	28.71	29.06
Inspector B	27.39	27.50	27.79
M&R Tech 1	32.07	32.47	32.87
M&R Tech 2	30.60	31.01	31.33
Measure Regulat Inspect B	28.33	28.45	28.81
Measurement & Reg Tech II	32.07	32.47	32.87
Meter Reader	27.39	27.50	27.79
Meter Reader*	24.00	25.27	26.52
P & S Combo	30.58	31.02	31.31
Plant/Service Combination	30.58	31.02	31.31
Regulator Inspector A	30.51	30.93	31.25
Regulator Inspector AA	31.72	32.15	32.51
Street Service A	29.36	29.52	29.87
Street Service B	27.39	27.50	27.79
Street Service C	26.65	26.88	27.01
Truck Driver	27.39	27.50	27.79
Truck Driver Heavy	28.33	28.45	28.81
Utility A	20.21	20.36	20.61
Utility B	19.01	19.16	19.26
Utility Representative	26.65	26.88	27.01
Welder A	29.16	29.45	29.84
Welder AA	30.43	30.86	31.17
Welder AAA	32.07	32.48	32.87
Welder B	28.33	28.45	28.81

SCHEDULE 3

December 2013 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	30.04	30.34	30.74

Construction Coord - Ironton	31.54	31.97	32.26
Construction Coordinator	31.54	31.97	32.26
Construct-Regulator Oper	31.63	32.07	32.37
Customer Service A	30.30	30.62	31.02
Customer Service B	29.18	29.31	29.68
Customer Service Sr	32.77	33.19	33.59
Dispatcher A	29.36	29.48	29.86
General Utility A	31.35	31.79	32.11
General Utility B	29.18	29.31	29.68
Heavy Equip Operator	30.04	30.34	30.74
Inspector A	29.45	29.58	29.94
Inspector B	28.22	28.33	28.63
M&R Tech 1	33.04	33.45	33.86
M&R Tech 2	31.52	31.95	32.27
Measure Regulat Inspect B	29.18	29.31	29.68
Measurement & Reg Tech II	33.04	33.45	33.86
Meter Reader	28.22	28.33	28.63
Meter Reader*	24.72	26.03	27.32
P & S Combo	31.50	31.96	32.25
Plant/Service Combination	31.50	31.96	32.25
Regulator Inspector A	31.43	31.86	32.19
Regulator Inspector AA	32.68	33.12	33.49
Street Service A	30.25	30.41	30.77
Street Service B	28.22	28.33	28.63
Street Service C	27.45	27.69	27.83
Truck Driver	28.22	28.33	28.63
Truck Driver Heavy	29.18	29.31	29.68
Utility A	20.21	20.36	20.61
Utility B	19.01	19.16	19.26
Utility Representative	27.45	27.69	27.83
Welder A	30.04	30.34	30.74
Welder AA	31.35	31.79	32.11
Welder AAA	33.04	33.46	33.86
Welder B	29.18	29.31	29.68

SCHEDULE 4

December 2014 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	30.65	30.95	31.36
Construction Coord - Ironton	32.18	32.61	32.91
Construction Coordinator	32.18	32.61	32.91
Construct-Regulator Oper	32.27	32.72	33.02
Customer Service A	30.91	31.24	31.65

Customer Service B	29.77	29.90	30.28
Customer Service Sr	33.43	33.86	34.27
Dispatcher A	29.95	30.07	30.46
General Utility A	31.98	32.43	32.76
General Utility B	29.77	29.90	30.28
Heavy Equip Operator	30.65	30.95	31.36
Inspector A	30.04	30.18	30.54
Inspector B	28.79	28.90	29.21
M&R Tech 1	33.71	34.12	34.54
M&R Tech 2	32.16	32.59	32.92
Measure Regulat Inspect B	29.77	29.90	30.28
Measurement & Reg Tech II	33.71	34.12	34.54
Meter Reader	28.79	28.90	29.21
Meter Reader*	25.22	26.56	27.87
P & S Combo	32.13	32.60	32.90
Plant/Service Combination	32.13	32.60	32.90
Regulator Inspector A	32.06	32.50	32.84
Regulator Inspector AA	33.34	33.79	34.16
Street Service A	30.86	31.02	31.39
Street Service B	28.79	28.90	29.21
Street Service C	28.00	28.25	28.39
Truck Driver	28.79	28.90	29.21
Truck Driver Heavy	29.77	29.90	30.28
Utility A	21.24	21.40	21.66
Utility B	19.99	20.14	20.24
Utility Representative	28.00	28.25	28.39
Welder A	30.65	30.95	31.36
Welder AA	31.98	32.43	32.76
Welder AAA	33.71	34.13	34.54
Welder B	29.77	29.90	30.28

SCHEDULE 5

December 2015 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	31.27	31.57	31.99
Construction Coord - Ironton	32.83	33.27	33.57
Construction Coordinator	32.83	33.27	33.57
Construct-Regulator Oper	32.92	33.38	33.69
Customer Service A	31.53	31.87	32.29
Customer Service B	30.37	30.50	30.89
Customer Service Sr	34.10	34.54	34.96
Dispatcher A	30.55	30.68	31.07
General Utility A	32.62	33.08	33.42

General Utility B	30.37	30.50	30.89
Heavy Equip Operator	31.27	31.57	31.99
Inspector A	30.65	30.79	31.16
Inspector B	29.37	29.48	29.80
M&R Tech 1	34.39	34.81	35.24
M&R Tech 2	32.81	33.25	33.58
Measure Regulat Inspect B	30.37	30.50	30.89
Measurement & Reg Tech II	34.39	34.81	35.24
Meter Reader	29.37	29.48	29.80
Meter Reader*	25.73	27.10	28.43
P & S Combo	32.78	33.26	33.56
Plant/Service Combination	32.78	33.26	33.56
Regulator Inspector A	32.71	33.15	33.50
Regulator Inspector AA	34.01	34.47	34.85
Street Service A	31.48	31.65	32.02
Street Service B	29.37	29.48	29.80
Street Service C	28.56	28.82	28.96
Truck Driver	29.37	29.48	29.80
Truck Driver Heavy	30.37	30.50	30.89
Utility A	21.67	21.83	22.10
Utility B	20.39	20.55	20.65
Utility Representative	28.56	28.82	28.96
Welder A	31.27	31.57	31.99
Welder AA	32.62	33.08	33.42
Welder AAA	34.39	34.82	35.24
Welder B	30.37	30.50	30.89

ADDENDUM B

The term "shift" within the meaning of this Agreement applies to operations wherein there is a change of one set of employees, that is, one or more employees, for another in order to maintain operations on a continuous or nearly continuous basis for at least three (3) or more consecutive days. A shift worker is an employee assigned to a shift for the above-stated purpose.

The term "day shift" means that shift worked during the daytime, normally beginning at 8:00 A.M., and ending at 4:00 P.M. The term "evening shift" refers to the shift immediately following the day shift, normally beginning at 4:00 P.M., and ending at midnight. The term "morning shift" refers to the shift immediately preceding the day shift, normally beginning at midnight and ending at 8:00 A.M.

There shall be paid a shift premium of differential to shift workers working on shifts other than the day shift as follows:

Evening Shift	\$1.60 per hour
Morning Shift	\$1.85 per hour

ADDENDUM C

When an employee operates a heavy-duty, rubber-tired, tractor-type mower on pipeline rights of way, said employee will receive the beginning rate to Pipeliner.

PSC DR 01-038
Attachment A
Respondent: S. M. Katko

A Communication Repairman-B will receive the Communication Repairman-A's 12-month rate of pay while performing maintenance and repair work while on the tower.

ADDENDUM D

Non-Destructive Testing

Employees qualified to perform non-destructive testing procedures utilizing Magnaflux or Dye penetrant will be upgraded to 12-month rate Repairman when performing such duties.

Employees qualified to perform non-destructive testing procedures utilizing Ultrasonic will be upgraded to the 12-month rate of Operator B when performing such duties.

**COLUMBIA GAS TRANSMISSION LLC
COLUMBIA GAS OF KENTUCKY, INC.
COLUMBIA GAS OF OHIO, INC.
AND
UNITED STEELWORKERS
INTERNATIONAL UNION LOCALS 372 AND 628**

LETTER OF AGREEMENT

It is understood that the following will be applicable during the term of the present labor agreement executed December 1, 2011. Upon expiration of said agreement, the following are terminated:

1. Requests for Transfer and Bargaining Unit Wide Job Postings

The Company agrees to send the Union copies of all Requests for Transfer and all bargaining unit wide notices on Job Posting and Bidding that apply to Local 372 and 628.

2. Censure Reports

As a policy, censure reports are reviewed periodically by each supervisor to determine if the censure is still applicable to its original intent. Those not pertinent are destroyed.

To assure each employee concerned that the above procedure is followed, the Company will, beginning January 1, 1995, request each supervisor to review all censures on file and destroy those no longer deemed relevant. Censures still deemed material will be reviewed annually and treated as stated above. Affected employees will be notified when their censure is destroyed.

3. Utility Classification Vacancy Notices

Although Article XXV (Job Posting and Bidding) of the Agreement does not require the posting of a permanent Utility vacancy, the Company will give notice of available Utility job vacancies within the Operating Area in which the vacancy exists to insure that all employees are aware of these openings and can make their interests known and are given equal opportunity for advancement.

4. The Arbitration Opinion and Award issued by Marlin M. Volz in Grievance No. 12-74 on June 7, 1977, will be controlling on the parties insofar as the proper interpretation of the requirements of Article XVIII, Section 8.

While reference must be made to the full Arbitration Opinion, including the Award, for purposes of adhering to the determination of Mr. Volz for future disputes under Article XVIII, Section 8, the parties agree to the following:

Employee will be afforded opportunity to work overtime equal to the hours and rate of pay for which the employee was incorrectly deprived after the employee has selected three (3) dates within a one-week period for each eight (8) hours of remedial overtime.

5. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc. - Meter Reader Reimbursement for Personal Mileage

Effective December 1, 1997, the Company agrees to the following method of reimbursement for Meter Readers who are required to use their personal cars on Company Meter Reading assignments:

- A. For assignments that begin one-half mile or less from the Meter Reading reporting location, no allowance will be paid.
- B. For assignments that begin over one-half mile from the reporting location, \$4.73, per day will be paid plus an allowance equal to the Internal Revenue Service rate applicable for the period for mileage in excess of 15 miles.

NOTE: Mileage will be determined on the basis of miles driven from the reporting point to the start of the Meter Reading assignment, and for one trip through the Meter Reading book back to the reporting point.

6. Utility Progressions

A. Columbia Gas Transmission LLC

Those qualified employees having twenty-four (24) months of service in the Utility classification will be upgraded to the beginning rate of the Roustabout-B/Pipeliner B classification. Those eligible and qualified employees in the Pipeliner B classification will be upgraded to the beginning rate of the Pipeliner classification after 12 months.

B. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc.

Those qualified employees having twenty-four (24) months of service in the Utility classification will be upgraded to the beginning rate of the Street Service-C classification. Those qualified employees having twenty-four (24) months of service in the Street Service-C classification will be upgraded to the beginning rate of the Street Service A classification.

NOTE: Those individuals in progression for Roustabout-B or Street Service-C classifications are not eligible to bid on any posted Roustabout-B or Street Service-C or B vacancy.

C. The progression will be as follows:

Utility B	12 Months
Utility A	12 Months
Roustabout B/Pipeliner B/ Street Service C	12 Months
Pipeliner	12 Months

In lieu of not having completed 24 months in the Utility classification, when transferring to a Utility position, employees will go to the beginning rate of Roustabout B/Pipeliner B/Street Service C classification and will remain at the beginning rate until the 24 months of Utility Progression has been completed.

7. Notwithstanding the provisions of the Labor Agreement, it is understood by the parties to this Agreement that an employee in Columbia Gas Transmission LLC, having twenty-four (24) months or more in the Utility progression will, when transferring to Columbia Gas of Kentucky, Inc., or Columbia Gas of Ohio, Inc., if qualified, progress to the minimum rate of Street Service-C in twelve (12) months.

8. Article XVIII, Section 2 - Sunday Premium for Shift Workers

Although Section 2 of Article XVIII does not require the payment of the Sunday Premium (double time) to shift workers, the Parties agree that the Sunday Premium would be applicable to shift workers under the following:

- A. Double time will now be paid to non-scheduled shift workers who are called out to work on Sunday. In addition to the Sunday Premium, the employees will also receive the applicable shift differential.
- B. A shift worker required to work a double shift on Sunday will be (1) paid his regular rate and the applicable shift differential while working his regularly scheduled shift, and (2) will be paid double time plus the applicable shift differential while working on the second shift on Sunday. [(2) modifies Section 6 of Article XVIII only to the extent of the rate of pay to be paid on the double shift on Sunday.]
- C. A shift worker scheduled to work on Sunday will receive his regular rate of pay and the applicable shift differential. To further clarify the Parties' interpretation of the above, if any employee's scheduled shift or his regular day off is changed any time prior to a Sunday, the Section 5 of Article XVIII is applicable and not Section 2, since the employee would have received prior notice and have been scheduled to work on that Sunday. If an employee's scheduled shift or his regular day off is changed on a Sunday, then the employee would receive the appropriate compensation from either Section 2 or from Section 5 of Article XVIII, whichever is the higher, but not both. Of course, any other condition or qualification contained in Sections 2 and 5 must be considered in determining the appropriate rate of compensation.

9. USW-COPE Checkoff

The Company agrees to deduct from the wages of those employees who are members of the Union and who voluntarily authorize such deductions on forms provided by the Union, the amount specified as the employees' contributions to the United Steelworkers INTERNATIONAL UNION Committee on Political Education Fund (USW-COPE).

The Company also agrees to transmit said payroll deductions immediately to the Financial Secretary of Local 628 or to the Secretary-Treasurer of Local 372, whichever is applicable, together with a list of the names of employees for whom the deductions have been made and the amount deducted for each such employee.

The amount and timing of such payroll deductions and the transmittal of such voluntary contributions shall be as specified in such forms and in conformance with any applicable state or federal statute.

The Union agrees to reimburse the Company for the full costs incurred in making the USW-COPE payroll deductions, which costs will be deducted from employee contributions before transmittal to the Secretary-Treasurer of Local 372 or to the Financial Secretary of Local 628.

The signing of such USW-COPE checkoff form and the making of such voluntary annual contributions are not conditions of membership in the Union or of employment with the Company.

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits, or other form of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions of this Agreement.

10. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc. - Service Work Training Requirement

All classifications that require Service Work (Customer Service B and General Utility A) in the job description for the classification will be required to successfully complete the Customer Service training program. One year following completion of the Customer Service training program the employee will be given a mandatory skills review qualification test. A grade of 80% must be achieved on the skills review qualification test to pass the qualification test.

In the event that an employee fails the required test, he will be given the opportunity to remain in his classification for an additional six (6) months, at which time he will be given another test.

If an employee fails the second test, then he will be placed in a job, if available, for which he is qualified and able to perform.

Employees that hold classifications that do not require Service Work in their job description but voluntarily accept Customer Service training, when available, will be required to take a skills review qualification test one (1) year following completion of the Customer Service training. A grade of 80% must be achieved on the skills review qualification test to pass the qualification test.

In the event that an employee fails the required test, he will be given the opportunity to take a second test six (6) months following the date of the first test.

An employee that has voluntarily taken service training that fails the second test will no longer be qualified to perform service work.

An employee that has voluntarily taken service training that has successfully completed the training and has passed the skills review qualification will receive upgrade pay when applicable at the appropriate Customer Service A rate when performing service work.

CLASSIFICATIONS

Customer Service-B

This will be the entry level job for new Customer Service employees; the employees will be required to remain in this classification until they have successfully completed all the requirements of the Service Training Program and the mandatory skills review qualification test.

Current Customer Service-C employees with two (2) or more years of service may progress to the Customer Service-A classification by requesting and passing the test. If the current employees do not pass the test, or choose not to take the test, then they will remain Customer Service-B's for as long as they are in the Service Department or until they pass the test.

Customer Service-A

This classification provides for progression of an employee who has successfully completed the Customer Service Training program and passed the skills review qualification test. An employee serving in this classification for a period of five (5) years may then request to be tested for progression to the Customer Service Senior classification. This test is voluntary.

If an employee elects to take the test, and he fails, then he may not take the test for a period of one (1) year.

Current Customer Service-B employees with five (5) or more years of service may progress to the Customer Service-Senior classification by requesting and passing the test.

Customer Service-Senior

This classification provides for progression of Customer Service-A employees who have satisfactorily performed the duties of Customer Service-A for a period of five (5) years or more and who have passed the qualification requirements for progression to this classification.

GENERAL INFORMATION

1. The wage structure for the three (3) classifications remain the same as the current wage structure.
2. Current employees in the Service Department are "grandfathered." They will not be required to progress to the Customer Service-A classification or Customer Service-Senior classification. Additionally, should a current employee elect to take the qualification test and fail, he may remain in his classification. However, the applicable time periods mentioned with regard to retesting will be followed.
3. The guidelines below regarding the Service Department qualification tests for progression are to be followed in order to establish uniformity and consistency within the program. These guidelines have been developed in response to questions concerning present Service Department employees in the entry-level classifications, and new Service Department employees who may have had previous experience as Servicemen.

- A. Present Servicemen in the entry-level classifications who have seven or more years' experience in those classifications may request to take a qualification test for either the new Customer Service-A or Senior classification.
 - (1) If the employee requests to take the test for Customer Service-Senior and he passes, then he will be classified as a Customer Service Senior.
 - (2) If the employee fails the Senior test, then he may take the test for Customer Service-A. If he passes the Customer Service-A test, then he will be classified as a Customer Service-A. He will then be required to complete five years of service within that classification before he may take the senior test.
 - (3) If the employee fails the A classification test, then he must wait six months before he can be retested. If he fails the test a second time, then he must wait one year before he will be retested.
- B. New Service Department employees who have two or more years' previous experience in the Service Department may request to take the test for progression to Customer Service-A only. If he passes the A test, then he will be classified as a Customer Service-A. He will then be required to complete five years of service within that classification before he may take the Senior test. If the employee fails the A classification test, then he must complete two years of service in the Customer Service-B classification before he can take the A test. At this point, the procedures outlined in the original program become effective.

4. Service Department job postings in the future will be as follows:

"Customer Service-B - Customer Service-A"

11. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc., Work Schedules:

A. Flexible Work Hour Schedule

The Company will offer a four (4) ten hour work day schedules, which may include weekend shifts. During such a ten (10) hour schedule premium pay and shift differential, if applicable, will begin after ten (10) hours of work on a scheduled ten (10) hour day and for any time worked in excess of 40 hours in one week. If an employee is scheduled to work on any day of rest except for Sunday, he/she will be paid at the rate of time and one half. All work performed on Sunday shall be paid for at the rate of double time unless it is part of the employee's normal work schedule.

The four (4) ten (10) hour schedules will be offered on a voluntary basis and either party can opt out of this schedule with a two week notice to the opposite party. If there are more employees who volunteer for the four (4) ten (10) hour schedules than available schedules, the Company will staff the schedules by work location on a qualified senior basis.

Sick Leave, Vacation, Personal Holidays

An employee who misses work due to illness, vacation or personal holiday, will be charged for all hours of scheduled work missed (i.e., ten (10) hours of short-term disability for one (1) ten (10) hour day of absence).

Company Holidays

If the holiday falls on a day off - Employee will be given a day off in lieu of the holiday during the same week the holiday occurs. Eight (8) hours will be charged to holiday. The employee can work two extra hours during that week, but such two hours will be at straight pay. The two extra hours to be determined by the Company, (or use personal holiday or vacation to make up the two hours or as an alternative, an employee may revert to a standard eight (8) hour day, for a five (5) consecutive day work week at any time with approval of his/her immediate supervisor).

If the holiday falls on a regularly scheduled day of work - Employee is charged with eight (8) hours of holiday and will make up the two hours needed during that work week at straight time pay. The two extra hours to be determined by the Company, (or use personal or vacation to make up the two hours, or as an alternative, an employee may revert to a standard eight (8) hour day, for a five (5) day work week at any time with approval of his/her immediate supervisor). If two holidays occur in any one week, the employee's regular work schedule will revert to a standard eight (8) hour day for a five (5) consecutive day work week.

Overtime/Meals

The employee working this shift must work in excess of 16 consecutive hours to qualify for double time pay. Employees working a ten (10) hour schedule will not be eligible for an overtime meal until after twelve (12) hours of work and at intervals of four hours subsequent thereto.

B. Shift Differential Payments

Notwithstanding the language in Addendum B relating to the definition of a shift worker, if the majority of a Columbia Gas of Kentucky or Columbia Gas of Ohio employee's regularly assigned eight (8) hour schedule is before 7:00 a.m. or after 5:00 p.m., then the employee will be paid the appropriate shift differential for their entire eight (8) hour schedule. If the majority of the regularly assigned eight (8) hour schedule occurs between 7:00 a.m. and 5:00 p.m., then the appropriate shift premium will only apply to hours worked before 7:00 a.m. or after 5:00 p.m.

The Company will not pay both shift differential and premium rates of pay, as determined by Article XVIII, to those employees whose regular eight (8) hour work schedule is between 7:00 a.m. and 5:00 p.m.

C. Sunday Work

This language applies to employees who are regularly scheduled to work on Sunday as part of their normal 40 hour work week. Such employees will be exempted from Article XVIII, Section 2 regarding double time for work performed on Sunday (the same as shift workers who work on Sunday). However, if an employee is required to work on the sixth (6th) day in any seven (7) day period,

he/she will be paid at the rate of time and one half. If an employee is required to work on the seventh (7th) day in any seven (7) day period, he/she will be paid at a rate of two times his/her regular rate, provided, however, that such premium payments shall be credited against any weekly overtime which may accrue.

12. Seniority - Article VII

In order to clarify the seniority status of an employee who (a) transfers from a work location not covered by the Agreement to a position covered by the Agreement or (b) was once in the bargaining unit and transfers out (for any reason) and then returns to a position covered by the Agreement will be treated as follows:

It is the position of the Union that all employees initially entering or re-entering the bargaining unit do so as a new employee and are subject to all the provisions of the Agreement, provided however, if an employee who is covered by the Agreement is declared "surplus" (see Article XXV, Section 2) and accepts a position with a Columbia company at a work location not covered by the Agreement, such employee will no longer accumulate, but will retain, the seniority he achieved while in the bargaining unit, IF the employee returns to a position covered by the Agreement on the first opportunity given to him. No regular employee shall be demoted when an employee returns to the bargaining unit under this provision.

13. Upgrading

In recognition of the Company's need to maintain efficient operations and achieve a diversified skilled workforce, when upgrading is required, within the Basic Seniority Unit, consideration will be given to the available qualified Senior employee at the work location involved.

It is understood that the above is not applicable to any other provisions of the Agreement.

14. Automatic Progressions

Individuals in the Automation & Electrical Mechanic-B (A&E) classification will progress to Automation & Electrical Mechanic-A classification upon becoming fully qualified to perform all the duties of the Automation & Electrical-A classification. The initial postings will be for Automation & Electrical Mechanic-B position and then a progression to the Automation & Electrical Mechanic A-position.

Individuals in the Welder classifications will progress to the next level in the Welder family upon successful completion of the appropriate Welder certification testing process.

Individuals in the District Instrument Mechanic (DIM) classification will progress to the next level in the DIM family upon becoming fully qualified to perform all the duties in the next level classification and met the minimum time requirements. The initial postings will be for the DIM-C position.

DIM C to DIM B	minimum of 6 months, no more than 18 months
DIM B to DIM A	minimum of 12 months

DIM A to DIM AA minimum of 6 months

The Company and the Union agree that on a one-time basis the employees presently in the DIM A classification can voluntarily elect to enter the DIM AA upon ratification of the agreement. The Company and the Union further agree that employees electing not to participate in the new progression may remain in their current classification. These employees will continue to have upgrade opportunities according to the terms set forth in the collective bargaining agreement.

For CKY/COH (IRONTON) Inspector jobs will be posted as Inspector A. When the job is awarded, if no bidders qualified for Inspector A, the job will be filled as an Inspector B and will progress to the beginning rate of Inspector A after 24 months. Employees not classified as Inspector will be upgraded to beginning rate of Inspector B classification (or paid at their current classification if the rate is higher than Inspector B) when performing leak inspection work.

15. M&R Tech Progressions

The entry level position M&R Inspect A will be retitled to M&R Tech II.

The current job classification of M&R Tech II will be retitled, to the next level position, of M&R Tech I.

The M&R progression will be implemented as follows:

- The entry level for M&R will be M&R Tech II.
- After 24 months, the employee will automatically progress to the M&R Tech I.

Parties further agree that this change in job title and progression did not in any way effect the existing wage schedule for the entry level and second level M&R positions.

Additionally, the Company and Union agree to remove the following job classifications from the CBA.

M&R Inspect B
Reg Tech II
Reg Inspect A
Reg Inspect AA

If the positions (M&R Inspect B, Reg Tech II, Reg Inspect A, Reg Inspect AA) are reinstated in the future, the Company agrees that they will automatically be deemed bargaining unit positions and the Union would not be required to engage in any issues regarding representation.

16. Job Classifications

The Company and Union agree to remove the following job classifications from the CBA:

CKY/COH (Ironton)
Building Maintenance Operator
Dispatcher A and B
Meter Reader (rate starting at 26.3170)
Meter Reader (rate starting at 23.0588)
Street Service B
Warehouseman

If the positions (Building Maintenance Operator, Dispatcher A and B, Meter Reader (rate starting at 26.3170), Meter Reader (rate starting at 23.0588), Street Service B, Warehouseman) are reinstated in the future, the Company agrees that they will automatically be deemed bargaining unit positions and the Union would not be required to engage in any issues regarding representation.

TCO ONLY:

The Company and Union agree the following job classifications below are removed from the wage schedule. The Company agrees that they will automatically be deemed bargaining unit positions and the Union would not be required to engage in any issues regarding representation.

Auto Mechanic	Auto/Hvy Equip Mech	Bailing Mach Helper
Bailing Machine Oper	Carpenter	Chief Auto Mech
Cleaning Out Helper	Electrician B	Inspector – Aerial
Inspector A	Instrument Mech A	Instrument Mech B
Opr/Maint Trainee	Truck Driver	Welder B
Welder Trainee	Well Tender	

17. TCO only:
Residency requirements will be removed from current job classifications with the exception of the following classifications:

DIM AA, A, B
A&E Mechanic A & B
Pipeliner A
Operator A
Operator B (unattended stations)

Current employees holding the classification – DIM AA, A, B, A&E Mechanic A & B, Pipeliner A, Operator A, Operator B (unattended stations) will be “grandfathered”.

18. DIM Training Program
- A. Interested employees will be selected based on results of a scored basic aptitude evaluation consisting of reading comprehension, high school level math and mechanical aptitude.
 - B. Based upon the results of the initial evaluation, stated above in Step 1, senior qualified employees will be selected to attend and introductory school.
 - C. DIM-C positions will be posted and filled with the senior qualified employees who receive successful evaluation upon completion of the introductory school.
 - D. Employees selected to fill the DIM-C position will begin working with higher level DIM's and continue to undergo on the job training, formal classroom and/or self-study training.
 - E. DIM-C will be expected to undergo evaluation of the DIM-B level at not less than six (6) months and not more than twelve (12) months. One re-evaluation at six (6) months from the date of the first evaluation will be offered to employees who were not successful on the first evaluation. At no time will anyone be allowed to stay in the “C” class longer than eighteen (18) months.
 - F. Employees successfully completing the DIM-B level evaluation will be reclassified as DIM-B. An employee who is unsuccessful in completing the DIM-B level evaluation will

be reclassified and reassigned as provided for in the labor agreement.

G. DIM-B's will continue classroom and on the job training to prepare for qualification as DIM-A.

H. DIM-A will continue classroom and on the job training to prepare for qualification as DIM-AA.

Evaluation at all levels may include written, oral, demonstrations and review of past performances.

19. A&E TRAINING PROGRAM – TCO:

The parties, Columbia Gas Transmission and USW locals 628 & 372, agree to continue to work on the development of the core skills, OJT, and required training necessary for a fully developed A&E Training Program.

In the interim, the following prerequisites are agreed to in order to be considered for a newly created A&E Mechanic C Training classification.

All applicants (internal & external) must successfully pass the EEI Aptitude Test

All internal applicants must successfully complete the George Brown University 36 week program. In lieu of the program, a 2 year Electrical/Electronics degree will be considered.

All external applicants must possess a 2 year Electrical/Electronics degree to be considered.

Once the prerequisites are met, then individuals may be placed in the program through job posting and bidding.

A plan will be developed to begin using the CGT core skills; structured OJT; existing internal training and supplement with outside resources if necessary.

As positions are identified, these positions will be in the Compressor Seniority Units (i.e., Clendenin, St. Albans, Strasburg) and staffed in accordance with Article XXV Job Posting and Bidding.

Once an individual is in the program, the following progression would follow:

A&E Mechanic C (Trainee) – 12 months – 18 months (same rate schedule as Repairman classification)

All prerequisites met

Begin the A&E Training for core skills, OJT, etc.

Obtain Apprentice electrician license

Become electrical qualified person

Must be qualified to work on all related equipment under the supervision of an A&E Mechanic A

A&E Mechanic B – 12 months – 42 months

Finish the A&E Training

Obtain Journeyman electrician license

Must be qualified to work on all related equipment independently

A&E Mechanic A – 12 months

Must possess ISA Level 1 certification before processing
Existing A&E Mechanic A's without an ISA Level 1 certification will be grandfathered.

20. Pagers

Issuance of pagers will be on a voluntary basis and the employee with the pager has an obligation to call back when the pager goes off. It is mutually understood by both parties that reasonable cooperation is expected.

Future situations should be resolved under this understanding.

21. ACKNOWLEDGEMENT TO RESPOND: TCO Only

It is of the highest priority to ensure safety and we are under the duty to the public of operating and maintaining its public utility services without interruption.

Employees are contacted in order to respond to an issue and ensure the matter is made safe.

It is the expectation that employees can be reached when called, either during working hours or after hours. Furthermore, it is the expectation that the employee will respond to an issue and/or ensure that matter is made safe.

Employees' response to callout will be discussed at Union management meetings. If an employee's performance is not acceptable it will be reviewed and addressed on a case by case basis.

22. Seasonal Work Hours

Seasonal work hours, during Daylight Savings Time, will continue on a voluntary basis by each work location or region. Each work location or region will be offered the opportunity to decide by a two-thirds vote of that location or region whether to accept a Seasonal Work Hours schedule proposed by the Company.

22. Columbia Gas of Kentucky, Inc., Jurisdictional Areas

It is agreed that following ratification of the collective bargaining agreement, Article XXIII Travel and Expenses, "jurisdictional areas" shall be defined as:

Ashland Operating Area
East Point Operating Area
Winchester Operating Area (including the old Paris/Cynthiana Operating Areas and Richmond)
Maysville Operating Area
Lexington Operating Area (including Georgetown)
Frankfort Operating Area (including Versailles and Midway)

23. Columbia Gas Transmission, Inc., Construction Crew Seniority

Employees in the Construction Crew will only hold Basic Seniority Unit seniority either in the St. Albans Pipelines Basic Seniority Unit or in the Clendenin Pipelines Basic Seniority Unit. Any job posting for a position within the Construction Crew will first be posted in the St.

Albans Pipelines and Clendenin Pipelines Basic Seniority Units as a Basic Seniority Unit posting. The job will be awarded on the basis of the criteria listed in Article VII, Section 3 except Company seniority, rather than Basic Seniority Unit seniority, will control. If there are no qualified bidders for such a posting, the position will be filled in accordance with the remaining provisions of Article XXV. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting, the successful candidate will enter the St. Albans Pipelines Basic Seniority Unit unless that candidate is coming from a position within the Clendenin Pipelines, Clendenin Compressor, Strasburg Pipelines or Strasburg Compressor Basic Seniority Units. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting to a candidate coming from the Clendenin Pipelines Basic Seniority Unit, that candidate will retain his Clendenin Pipelines Basic Seniority Unit seniority. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting to a candidate coming from the Strasburg Pipelines, Strasburg Compressor or Clendenin Compressor Basic Seniority Unit, that candidate will enter the Clendenin Pipelines Basic Seniority Unit.

24. Vacation Hardship Donation

At Management discretion, in cases of employee hardship, vacation hours from other employees' current year grant (excluding banked hours) may be donated to the employee for the employee's own serious medical condition, or the serious medical condition of the employee's immediate family.

25. Successorship

This Memorandum of Agreement is entered into between Columbia Gas Transmission LLC, Columbia Gas of Kentucky, Inc., and Columbia Gas of Ohio, Inc. (hereinafter the "Company") and Paper, Allied-Industrial, Chemical & Energy Workers International Union Locals 372 and 628 (hereinafter the "Union"), this 21st day of September 2002, as a supplement to the Labor Agreement to define how affected members of the bargaining unit will be treated in the event there is a sale of the stock of the Company or a divestiture of substantially all of the assets of the Company.

Further, this Memorandum of Agreement sets forth the principles to establish a new and progressive relationship between the parties. The relationship will establish a positive partnership, embedded in trust, mutual respect, and a common interest in quality workmanship and superior customer service to our customers.

1. This Memorandum of Agreement applies in the event of (1) a sale of the Company's stock, or (2) a merger, divestiture, sale, transfer, or swap of substantially all of the Company assets that results in the termination of the Company's employment of members of the bargaining unit (hereinafter, a "Covered Transaction").
2. This Memorandum of Agreement shall be binding upon the Company regardless of whether it changes its name, corporate identity, organization, legal status, or management.
3. The Company agrees to make assumption of the Labor Agreement and assumption of this Memorandum of Agreement a condition of any Covered Transaction, and shall provide the Union with copies of those documents that are necessary to demonstrate compliance with this Memorandum of Agreement. The Company agrees to provide the Union notice of a contemplated Covered Transaction a reasonable period of time prior to the closing of any such Covered Transaction.

4. Upon transfer of the assets pursuant to a Covered Transaction, the Company is relieved of obligations and liabilities under the Labor Agreement or otherwise to all affected bargaining unit employees who become employees of the Buyer.
5. During the term of the Labor Agreement, the Union will support and not oppose or in any way support or encourage opposition to the Company's position before regulatory or administrative agencies, in legislatures, or in court regarding any rate proceedings or any Covered Transaction announced, begun, or pending during the term of the Labor Agreement.
6. The Union will support the Company's efforts to obtain approval from any applicable regulatory agency for recovery of its stranded costs and will support the Company's position that the stranded costs it has identified as reasonable in the amount and fully recoverable from customers.
7. This Memorandum of Agreement will terminate on the termination date of the Labor Agreement.

APPROVED

FOR THE COMPANIES:

Jovette Pino

Lori Johnson

Jodi Falknor

Dreama T. Whitmire

FOR THE UNION:

David A. Rutherford

Curtis D. Edelman

Brian P. Wedge

DATE: December 1, 2011

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PSC DR 01-038
Attachment B
Respondent: S. M. Katko

AGREEMENT

BETWEEN

COLUMBIA GAS TRANSMISSION CORPORATION

COLUMBIA GAS OF KENTUCKY, INCORPORATED
COLUMBIA GAS OF OHIO, INCORPORATED

AND

UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND
SERVICE WORKERS INTERNATIONAL UNION
LOCALS 372 AND 628

CHARLESTON, WEST VIRGINIA
DECEMBER 1, 2006

PSC DR 01-038
Attachment B
Respondent: S. M. Katko

THIS AGREEMENT, made and entered into this 1st day of December 2006, by and between COLUMBIA GAS TRANSMISSION CORPORATION, COLUMBIA GAS OF KENTUCKY, INC., and COLUMBIA GAS OF OHIO, INC., all corporations for their employees as represented in the bargaining unit, established by the NLRB elections (and see the determination in NLRB Cases 9-UC-91, 9-UC-92, and 9-RC-12428), their successors and assigns, hereinafter referred to as the "Company," party of the first part, United Steel, PAPER, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, LOCALS NOS. 372 and 628, its successors and assigns, hereinafter referred to as the "Union," party of the second part, and UNITED STEEL PAPER and FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL, and SERVICE WORKERS INTERNATIONAL UNION, its successors and assigns, hereinafter referred to as the party of the third part:

WITNESSETH

WHEREAS, the Company is engaged in furnishing essential public services which vitally affect the health, safety, comfort, and well-being of a large majority of the population in the territory covered by its operations, and its very existence is dependent upon the faithful carrying out of its obligations and responsibility to the public; which responsibility is recognized by the parties hereto as being imposed upon the Management and employees of the Company mutually, and that properly to fulfill the same requires that any disputes arising between them be adjusted and settled in an orderly manner without interruption of the Company's services to the public:

WHEREAS, the parties have, through collective bargaining in accordance with the law, agreed upon the incidents of the employment relationship on a contractual basis; and,

WHEREAS, it is the desire of the Company and the Union to continue the policy and practice of nondiscrimination because of race, color, religion, age, sex, disability, veteran and Vietnam era veteran, or national origin; and

WHEREAS, while certain job classifications and pronoun references are in the male gender, it is understood that they do not refer exclusively to males and corresponding feminine gender usages will be substituted when appropriate.

NOW, THEREFORE, it is agreed by the parties hereto as follows:

**ARTICLE I
Obligations**

Section 1. It is recognized that the Company is engaged in rendering a public service and is under the duty to the public of operating and maintaining its public utility service without interruption, and therefore nothing contained in this Agreement shall be construed to conflict or to be incompatible with such duty.

Section 2. It is agreed that during the term of this contract, or during any period of time while negotiations are in progress between the parties hereto for the continuance or renewal of this contract, that there shall be no lockouts, strikes, stoppage of work, or interruption of service to the public.

Section 3. It is agreed that the Company will not discriminate, coerce, or intimidate any member of the Union on account of his membership in the Union. The Union agrees that its officers and members will not solicit membership in the Union among employees of the Company when said employees are on duty or Company property, and will not interfere with or restrain or coerce employees of the Company in attempting to influence them to be members of the Union.

**ARTICLE II
Recognition**

Section 1. The Company recognizes the Union as the exclusive representative of all the employees, as such term is defined and delimited in Section 3 of this Article, for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment: Provided, that any individual employee or a group of employees shall have the right at any time to present grievances to the Company and to have such grievances adjusted, without the intervention of the Union, as long as the adjustment is not inconsistent with the terms of this Agreement: Provided, further, that the Union has been given opportunity to be present at

such adjustment.

Section 2. It is agreed that there shall be no hindrance or interference with the Management of the Company in its several departments, including the determination of the Company policy, which does not interfere with the conditions of this Agreement as affecting wages, hours of work, and working conditions. All rights of Management, except insofar as the same are expressly modified in the terms of this Agreement, are hereby reserved to the Company, and the Company specifically has the power and the right to manage the business and direct the working forces, including but not limited to, the right to hire, suspend, or discharge for proper cause, promote, demote, to transfer employees from one job to another (provided, however, that no employee may be permanently transferred from one basic seniority unit to another, without his permission), to lay off employees in accordance with seniority, as specified herein, to reduce working hours, to move or to close any departments or other segments of the business because of lack of work, or to otherwise generally manage the Company's business.

Nothing in this Section shall be construed to supersede or nullify any of the provisions contained in other Articles.

Section 3. (a) The term "employee," as used in this Agreement, shall include all production and maintenance employees of the Company in the said bargaining unit, but shall exclude all clerical, supervisory, executive, administrative, professional, temporary employees, and all others excluded by law. "Temporary employees" are hereby defined to mean those employees hired for a specific project or for a specified length of time.

(b) In accordance with the requirement of Section 1, hereunder, an employee will be classified as a Regular employee following any three-months' period in which the employee has worked at least 312 hours of regularly scheduled work exclusive of overtime. Provided, that he meets the Company's requirements as to ability and efficiency, integrity, and physical fitness:

Provided, further, that he has submitted record of birth which is satisfactory to the Company.

(c) An employee shall lose his classification as a Regular employee under the following conditions:

- (1) Resignation.
- (2) Discharge for cause.
- (3) Acceptance of other employment except as provided in Article V hereof.
- (4) Refusal to accept reemployment within 72 hours after receipt of notification by the Company that employment is available in the basic seniority unit from which the employee was laid off because of lack of work. Such notice may be given by letter at the employee's last known address, by telephone, or by personal contact.
- (5) Layoffs of more than one year duration, except in the case of employees with fifteen (15) or more years of accredited service, in which case it shall be layoffs of more than four-years' duration.

(d) The Company agrees to notify the Union of an offer of reemployment made by the Company to an employee. Such notice will be either a copy of the notice sent to the employee or will be a notice stating in which other manner the employee was notified.

(e) The performance of non-bargaining unit work by bargaining unit employees will be on a voluntary basis.

ARTICLE III
Supervisors Performing Production and
Maintenance Work

Under normal operating conditions, supervisors are not assigned duties that are usually performed by production and maintenance employees.

Supervisors are expected to devote full time to their supervisory duties under normal

operating conditions. This policy does not, however, prevent supervisors from performing such necessary functions as job instruction or training of employees; inspecting work, either in progress or completed; operating equipment and facilities in experimental or initial testing operations; and operating in emergency situations or where the safety of people or facilities is in jeopardy.

**ARTICLE IV
Check Off**

It is agreed that all employees, including current employees as of the effective or execution date of this Agreement and all employees who thereafter have become or may hereafter become members of the Union, shall remain members of the Union in good standing for the duration of this Agreement as a condition of continued employment by the Company; and further that all new employees covered by this Agreement hired after the date of this Agreement, shall, after thirty (30) days of employment, become members of the Union and remain members in good standing for the duration of this Agreement as a condition of continued employment. Good standing shall mean only the payment of the initiation fee and periodic dues.

The International Union and Locals No. 372 and 628 agree to protect the Company under this section and to refund to the Company money that may be involved in the event a member from whose earnings, dues, and initiation fees shall have been deducted by the Company should resort to or cause legal action to be taken against the Company because of such deductions.

**ARTICLE V
Leave of Absence for Union Activity**

Upon written request 15 days in advance by the Local Union, the Company shall grant a leave of absence to not more than two employees for Union activities. An employee elected to a Union position or selected by the Union to do work which takes him from his employment with the Company shall, upon the written request of the Union, receive a temporary leave of absence for the period of his services for the Union. Upon his return, providing his seniority qualifies him, such

employee shall be reemployed to his job or at work generally similar to that in which he was engaged last prior to his leave of absence, and his seniority shall accumulate throughout the period of his leave of absence. Such leave of absence shall be made and granted yearly, subject, however, to the provision of Article IX hereof.

ARTICLE VI
Bulletin Boards

The Company will provide bulletin boards of at least 2' by 2' to be placed on its property where they may be seen by employees entering and leaving their places of employment. Such boards shall be used exclusively by the Union, such use to be confined exclusively to posting on said boards notices pertaining to dues, meetings, and other usual, regular and bona fide activities of the Union, it being the intention hereof that the Union will not use said boards for the direct solicitation of membership in the Union.

ARTICLE VII
Seniority

Section 1. For seniority purposes, the Companies shall be divided into the following separate basic seniority units. However, employees laid off from one basic seniority unit will be given preference in case of hiring by another basic seniority unit, if the laid off employee(s) is qualified.

- I. Columbia Gas Transmission Corporation
 - A. St. Albans Area Basic Seniority Units as follows:
 - 1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:
 - Alexandria, KY
 - Boldman, KY
 - Grant, WV
 - Huff Creek, WV
 - Inez, KY
 - Lockwood, KY
 - Mt. Olivet, KY

St. Albans, WV
Winchester, KY

2. Compressor Seniority Units consisting of work locations at:

Boldman, KY
Ceredo, WV
Grant, WV
Hubball, WV
Huff Creek, WV
Inez, KY
Kenova, WV

B. Clendenin Basic Seniority Units as follows:

1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:

Clendenin, WV
Cobb, WV
Coco, WV
Frametown, WV
Glenville, WV
Lanham, WV
Ripley, WV
Rockport, WV
St. Albans, WV (Building Services, Trucking, Gas Measurement, Warehouse & Yard)

2. Compressor Seniority Units consisting of work locations at:

Clendenin, WV
Cobb, WV
Coco, WV
Frametown, WV
Glenville, WV
Hunt, WV
Lanham, WV
Ripley, WV
Rockport, WV
Walgrove, WV

3. Charleston Building Services

C. Strasburg Basic Seniority Units as follows:

1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:

Cleveland, WV
Elkins, WV
Glady, WV
Pickaway, WV
Seneca, WV
Terra Alta, WV

2. Compressor Seniority Unit consisting of work locations at:
Cleveland Compressor Station
Files Creek Compressor Station
Glady Compressor Station
Lost River Compressor Station
Seneca Compressor Station
Terra Alta Compressor Station

II. Columbia Gas of Kentucky, Inc.

- A. Lexington Distribution Seniority Unit consisting of the following work locations:

Frankfort, KY
Irvine, KY
Lexington, KY
Maysville, KY
Paris, KY
Winchester, KY

- B. Ashland Distribution Seniority Unit consisting of the following work locations:

Ashland, KY
Inez, KY
East Point, KY

III. Columbia Gas of Ohio, Inc.

- A. Ironton Distribution Seniority Unit consisting of the following work location:

Ironton, OH

Section 2. Seniority shall be established upon the date the employee is classified as a Regular employee and shall relate back to the date three (3) months next preceding such classification.

Section 3. It is agreed, except as set out, that the Company will in all cases of promotion, demotion, transfer, and decrease or increase of personnel, consider the following factors, and where factors (a) and (b) are, in the opinion of the Company, relatively equal, seniority shall govern.

- (a) Training, ability, skill and efficiency
- (b) Physical fitness
- (c) Seniority shall govern in the following order:
 - (1) In the basic seniority unit
 - (2) In the respective Company (that is, TCO, CKY or COH)
 - (3) Within the Bargaining Unit

In making transfers, the Company will give special consideration to any employee who has previously submitted a request for transfer and will attempt to avoid transferring any employees who prefer not to be transferred.

Nothing in this Section shall be construed to supersede or nullify any of the provisions contained in other Articles.

Section 4. In the event of a "reduction in force," layoff, or closing of a facility, which results in a net decrease of personnel within the respective Company (that is, TCO, CKY, or COH), the following process shall apply:

- (a) When an employee is displaced as described above, he may exercise his bargaining unit seniority over the most junior employee within his same classification within the respective Company (that is, TCO, CKY, or COH) or, if qualified, over the most junior employee in any classification at the work location or in his basic seniority unit. This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his

seniority.

- (b) The displaced employee from (a) may then exercise his bargaining unit seniority over the most junior employee in his same classification within the respective Company (that is, TCO, CKY, or COH) or, if qualified, over the most junior employee in any classification in the respective Company. This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (c) If an employee is displaced in (b) he, if qualified, may then exercise his bargaining unit seniority over the most junior employee in the respective company (that is, TCO, CKY, or COH). This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (d) If in any of the preceding steps an employee elects not to or can no longer exercise his seniority, he will be the individual that is displaced.
- (e) In all other Section 3 situations, such as re-allocation of the workforce, Article II, Section 2 and Article VII, Section 3 will govern.
- (f) If the cause of the reduction in force is a direct result of contracting out, then the provisions of Article VIII will apply.

Section 5. Whenever an employee is permanently transferred from one basic seniority unit to another, he shall be considered a new employee insofar as his seniority in the new basic seniority unit so transferred to, is concerned. However, such employee shall retain his Company seniority and also the seniority he had accumulated in the basic seniority unit from which he was transferred. It is understood that the temporary transfer of an employee will in no way affect his

seniority status, and the Company shall be required to notify the employee involved as to the temporary or permanent nature of the work.

Section 6. For seniority purposes, each employee shall be credited, except as otherwise provided, with all periods of actual service accruing after the commencement day of said seniority and, in addition thereto, shall be credited with time lost resulting from (a) jury service or serving as a witness under Court subpoena; (b) layoffs of not more than six-months' duration; (c) illness or injury regardless of duration; (d) service in the military forces of the United States or service upon being drafted in an essential war industry by the Government: Provided, however, that such accrued time shall not continue for a period more than that required by law after discharge or release from such service.

Section 7. An employee shall lose his seniority rights under the same terms that he loses his classification as a Regular employee, as provided in Article II, Section 3(c) of this Agreement.

Section 8. The Companies shall furnish the Secretaries of the Union with the seniority list for each Basic Seniority Unit on a semiannual basis. Said seniority list shall show the employee's Bargaining Unit Seniority Date, Company Seniority Date, and Basic Seniority Unit Date.

Section 9. The Company agrees, upon request, to review with employees or their representatives any cause of layoff, transfer, or rehire, or promotion affecting a worker's seniority status, or any training situation involving one or more employees in which an injustice is alleged and, in the event an injustice is done, will rectify such injustice, provided such request is made within thirty days from the date the injustice first occurred. If no agreement is reached, the matter will assume the status of a controversy subject to the grievance and arbitration procedure provided for in Articles XXVII and XXVIII hereof, and the Arbitrators shall have the right to reverse a Company decision in matters relating to Section 3 hereof when there is proof of abuse of the Company's discretion.

**ARTICLE VIII
Contracting Out**

Pursuant to Article II, Section 2 of this Agreement, the parties understand that the Company may elect to use independent contractors. However, it is further understood that the Company shall not so contract any work which is performed by its Regular employees which will directly result in one or more Regular employees being laid off. It is further understood that if any Regular employee is permanently transferred to a new work station as the direct result of such contracting out of work, the Company shall pay the employee's reasonable costs and expenses incurred incident to such transfer in an amount not less than those specified and provided for the applicable employees in the respective Company's current Transfer of Personnel Policy.

**ARTICLE IX
Physical Examinations**

Section 1. The Company may, in cases of frequently recurring absences from duty, or in other exceptional cases, require an examination of any Regular employee by a physician of his own choosing as a condition of continued employment. If the Company is not satisfied with the report of the physician chosen by the employee, the Company may require a reexamination of such employee by a physician chosen by the Company. If the two examinations are not in accord, then the physician chosen by the employee and the one chosen by the Company may elect a third physician to make an examination of such employee, and the decision of the third shall be final.

**ARTICLE X
Employee Disability Plans**

The Short-Term Disability Plan

The purpose of the Short-Term Disability Plan is to provide all employees, as defined in Article II, Section 3(a) of this Agreement, greater economic security by providing wage allowances during the periods when such employees may be absent from work by reason of a disability due to personal illness, injury, or serious illness or accident in the immediate family.

Eligibility Requirements

To be eligible for such allowances under this Plan, the employee must:

- A. Be classified as an employee, as defined in Article II, Section 3 (a), of this Agreement.
- B. Permit examination or inquiry by the Company, and furnish a physician's certificate upon request, and must have reported the cause of absence at or as soon after the beginning of the first scheduled working day of absence as the circumstances (including the nature of the disability or illness) reasonably permit.

Basis for Determining Pay

- A. Short-Term Disability payments will be computed on the basis prescribed by Article XII of this Agreement.
- B. Only absences of four hours or more will be charged against an employee's Short-Term Disability allowance.
- C. Short-Term Disability payments will not be allowed for disability incurred while an employee is on leave of absence, furlough, suspension from work, for an illness or injury which may obviously be the result of the employee's own misconduct, or, except as hereinafter provided, for disability which is compensatory under the Workers' Compensation Law of the State of employment or any State or Federal Disability Law.
- D. For the purpose of this plan, employees will be credited with one calendar year of service as of the December 31 following date of employment and shall be credited with an additional year on each subsequent December 31.

- E. When a period of continuous absence extends from one calendar year into the next, the Short-Term Disability allowance is continued until any unused portion of the maximum allowance based on the credited calendar years of service at the beginning of such continuous absence has been paid. On the expiration of benefits, the time allowable for the current calendar year will not commence until after the employee has returned to work.
- F. Payment by the Company to an employee absent for disability compensatory under the State Workers' Compensation Laws, or any State or Federal Disability Law, shall be limited to the difference between the amount of compensation receivable and the Short-Term Disability allowance under this plan.

Schedule of Payments

Post January 1, 2004, the "Schedule of Payments" is as follows:

Years of Service	Maximum Benefit Period	Weeks at Full Pay	Weeks at 60% Pay
1 to 9	26	8	18
10 to 19	26	16	10
20 and above	26	26	0

The preceding "Schedule of Payments" represents the maximum allowance for absence permitted an employee on account of personal illness or for serious illness in his immediate family.

Prior to January 1, 2004, where an employee has 20 years or more of service, a special recommendation will be made by the supervisor and submitted to the Management for consideration for extension beyond the above disability schedule.

If an employee is absent due to personal illness, injury, or serious illness or accident in the immediate family, the time necessarily absent from work shall not exceed a reasonable period: Provided, however, that if an employee is absent from work due to death in his immediate family,

such absence shall not be charged against the benefits to which such employee is entitled; however, such absence from work for any such death shall not exceed a reasonable period.

In all cases of excusable absence from work, the employee is expected to return as soon as reasonably possible, and failure to do so will give the Company the privilege of modifying the above schedule as to such employee in such manner as it shall deem advisable under the circumstances.

Employees With Less Than One Year's Service

When an employee with less than one credited calendar year of service is absent because of personal illness, injury, or serious illness or accident in his immediate family, a recommendation of time off with pay not to exceed a total of five (5) days will be considered.

The Long-Term Disability Plan

The purpose of the Long-Term Disability Plan is to provide all employees, as defined in Article II, Section 3(a) of this Agreement, additional economic security during periods of total disability.

Eligibility for Coverage

All employees are automatically covered by the Plan on a noncontributory basis beginning with the first day they are actively at work.

Commencement and Duration of Benefits

- A. An employee will be eligible for Long-Term Disability income, subject to the exceptions in this Section, if his disability prevents him from performing his own duties and engaging in any other reasonable occupation for 26 consecutive weeks: Provided, that separate periods of disability are considered as one continuous period if they arise from the same or related causes and are interrupted by no more than six months of active service. Once started, LTD benefits beginning

before age 60 will continue to age 65 or until recovery, whichever occurs first. LTD benefits beginning at age 60 or after will continue for five (5) years after payments begin under the Plan, or to age 70, or until recovery, whichever occurs first. Proof of disability will be required before an employee can qualify for benefits, and the insurance company may require proof, from time to time, that the disability still exists.

- B. No benefits are payable for a disability starting during the first twelve months of an employee's participation in the Long-Term Disability Plan if the disability is connected with an illness or injury for which the employee received medical treatment or services during the three-month period just before his participation began.
- C. During furloughs (but not layoffs) and approved leaves of absence (except for military service), an employee's Long-Term Disability Plan coverage will continue for the first two months of leave.
- D. No benefits will be payable for disabilities resulting from intentional self-inflicted injury, or insurrection, riots, war (declared or undeclared), etc., or commission of, or an attempt to commit, a crime.

Long-Term Disability Income

- A. Any employee who qualifies for Long-Term Disability with an effective date on or after January 1, 2004, will receive a monthly benefit equal to 50% of his base monthly pay. The monthly disability income benefit payable from these plans will be reduced by amounts received from any retirement, unemployment, Workers' Compensation, or disability benefits provided under any state or federal plan, except Social Security or if you receive other forms of compensation or

disability benefits from Columbia. Any primary Social Security disability benefits which are payable or may become payable to the employee will not affect the Long-Term Disability benefit, except that total disability income from all above sources may not exceed 70% of the employee's base monthly salary.

- B. The full amount of Columbia's portion of an employee's Group Life Insurance continues in force as long as he is receiving Long-Term Disability benefits. An employee's Accidental Death and Dismemberment Insurance coverage will be suspended during his period of total disability.

Contributions by Employees

Long-Term Disability Plan coverage shall be noncontributory for Plan participants through December 31, 2003. Beginning January 1, 2004, coverage at the 50% level will be noncontributory and participants may elect to purchase additional coverage at the 60% level.

Miscellaneous Provisions

- A. An employee may continue coverage under Columbia's Comprehensive Medical Expense Plan for his eligible dependents by paying the normal employee monthly contribution rate.
- B. If the Long-Term Disability Group Insurance Contract is terminated, the employee's Long-Term Disability rights under this Plan will terminate: Provided, however, that an employee who is totally disabled when the Group Insurance Contract is terminated will continue to be covered by the Long-Term Disability Plan. Further, termination of employment will terminate rights under this Plan.
- C. The preceding paragraphs set forth the basic features of the Long-Term Disability Plan and are subject to the provisions of the Long-Term Disability Group Insurance Contract with Aetna Life Insurance Company or a successor Insurer.

**ARTICLE XI
Vacations**

Regular employees who have completed at least six (6) months, but less than one (1) year of continuous service prior to December 31 will be entitled to a vacation of one (1) week (40 hours) with pay in the current vacation period.

Regular employees who have completed at least one (1) year, but less than two (2) years of service prior to December 31 will be entitled to a vacation of two (2) weeks (80 hours) with pay in the current vacation period, reduced by any vacation which may have been taken between their sixth and twelfth months of employment.

Employees hired any time during the month of December will, for vacation purposes only, be deemed to have been hired on the first day of December.

Regular employees who have completed at least one (1) year, but less than four (4) years, of service at December 31 will be entitled to a vacation of two (2) weeks (80 hours) with pay in the succeeding vacation period. Effective January 1, 2004, Regular employees who have completed at least one (1) year, but less than three (3) years, of service at December 31 will be entitled to a vacation of two (2) weeks (80 hours) with pay in the succeeding vacation period.

Regular employees who have completed four (4) years, but less than fourteen (14) years, of service at December 31 will be entitled to a vacation of three (3) weeks (120 hours) with pay in the succeeding vacation period. Effective January 1, 2004, Regular employees who have completed three (3) years, but less than ten (10) years, of service at December 31 will be entitled to a vacation of three (3) weeks (120 hours) with pay in the succeeding vacation period.

Regular employees who have completed fourteen (14) years, but less than twenty-four (24) years, of service at December 31 will be entitled to a vacation of four (4) weeks (160 hours) with pay in the succeeding vacation period. Effective January 1, 2004, Regular employees hired prior

to January 1, 2000, who have completed ten (10) years, but less than twenty-four (24) years, of service at December 31 will be entitled to a vacation of four (4) weeks (160 hours) with pay in the succeeding vacation period. Effective January 1, 2004, Regular employees hired on or after January 1, 2000, who have completed ten (10) years of service at December 31 will be entitled to a vacation of four (4) weeks (160 hours) with pay in the succeeding vacation period.

Regular employees hired prior to January 1, 2000, who have completed twenty-four (24), but less than thirty-four (34), years of service at December 31 will be entitled to a vacation of five (5) weeks (200 hours) with pay in the succeeding vacation period.

Regular employees hired prior to January 1, 2000, who have completed thirty-four (34) or more years of service at December 31, will be entitled to a vacation of six (6) weeks (240 hours) with pay in the succeeding vacation period.

Retiring employees (either normal or early retirement) will receive payment for vacation time accrued during the year of retirement. The payment will be computed on the basis of 1/12 of the vacation eligibility for each full month of service in his final calendar year up to the date he enters retirement status. Vacation eligibility will be determined on the basis of total years of service as of the end of the final calendar year of employment. A vacation payment for employees who become deceased will be made for vacation time accrued during the year in which death occurs. The payment will be computed on the basis of 1/12 of the vacation eligibility for each full month of service in his final calendar year up to the date he becomes deceased. Vacation eligibility will be determined on the basis of total years of service as of the end of the calendar year of employment. Payment to the survivor(s) of the deceased employee will be made in accordance with the laws of the state in which he was a resident.

Eligibility Requirements

To be eligible for vacation, the employee must:

- A. Be classified as a Regular employee, and
- B. Be actively employed at the time the vacation is scheduled to commence.

General

- A. The vacation period will extend from January 1 through December 31 of each year.
Upon reasonable notice, an employee may request that his vacation be scheduled for any period between these two dates.

In order that the service of the Company may be adequately and properly maintained, the Company reserves the right to fix the time at which a vacation may be taken, but will endeavor in all cases to arrange such vacation at a time desired by the employee. Upon approval of an employee's request the time set will be considered as the employee's scheduled vacation period. However, the Company recognizes that from time to time employees are confronted with unusual situations that conflict with their scheduled vacation. When this occurs, employees may request a change in their scheduled vacation. This request must be submitted ten days in advance to the requested change. Vacation may be deferred within the calendar year if the employee is hospitalized prior to commencement of vacation, with proper prior notice to his supervisor. Upon receipt of the employee's request, the supervisor will grant the request, provided it does not interfere with either the operations of the Company or the previously scheduled vacation of other employee(s).
- B. Vacation will commence upon the first normal work day or shift from which the employee is absent on account of vacation, and will run consecutively for the vacation period to which he is entitled.
- C. An employee will be entitled to receive an additional day of vacation for a holiday

observed by the Company which occurs within his scheduled vacation period, if such holiday occurs within his regularly scheduled work week.

- D. An employee with two (2) weeks or more vacation allowance may split one (1) week of said vacation allowance into one (1) or more full days. An employee with four (4) weeks or more vacation allowance may split two (2) weeks of said vacation allowance into one (1) or more full days. Employees should submit their request for split week vacation allowance as required under Paragraphs A and M herein; however, when unforeseen circumstances occur and reasonable notice thereof is afforded to the Company, an employee will be granted a change in his split vacation allowance if it does not interfere with the operations of the Company or the previously scheduled vacation of other employee(s).
- E. It shall not be permissible to postpone a vacation from one year to another, nor to draw vacation pay in lieu of a vacation, except as noted in Paragraphs F, G, H, I, and J, below.
- F. An employee whose retirement has been approved will be entitled to receive a vacation, or to draw vacation pay in lieu of such vacation, in the year in which the retirement takes place.
- G. An employee entitled to a vacation, who is laid off due to lack of work, will be entitled to receive vacation pay in lieu of such vacation. A furloughed employee who accepts temporary reemployment and who is entitled to a vacation will have the option to take vacation pay in lieu of such vacation or to have his vacation rescheduled to a time in the vacation period after he returns to his former job.
- H. An employee who resigns or is discharged will be entitled to receive vacation pay

in lieu of such vacation, if otherwise eligible.

- I. Regular employees entitled to a vacation who enter Military Service will be entitled to vacation pay in lieu of vacation in the year in which they enter Military Service, and also in the year in which they return to the Company from Military Service: Provided, however, that they do not enter Military Service and return from Military Service in the same year.
- J. Eligible employees may exercise a vacation carryover option subject to the following requirements:
 - (1) Employees eligible for two (2) weeks vacation may apply for a vacation carryover for only one (1) week of said vacation allowance.

Employees eligible for three (3) or more weeks of vacation may apply for a vacation carryover for only that portion of the vacation allowance in excess of two (2) weeks.
 - (2) Vacations will normally be taken in units of five (5) days, except that employees may be granted permission to split their vacation into lesser full day periods.
 - (3) The right to exercise the carryover option shall be subject to the approvals provided in Subparagraph A above.
 - (4) The request for carryover must be made in writing by the employee no later than December 1 of the vacation period preceding that in which the carryover is to be effective.
 - (5) Vacation weeks carried over must be taken during the immediately following vacation period.

- K. The survivor(s) of an employee, who is deceased prior to receiving a vacation to which he would have been entitled, shall receive pay in lieu of vacation. Payment will be made in accordance with the laws of the State in which he was a resident.
- L. Employees will be given an opportunity to signify, in writing, prior to the 15th day of March, upon a list to be furnished by the Company and posted in each Department, their choices of vacation dates: Provided, however, that any employee desiring his vacation between January 1 and April 1 must make arrangements with his supervisor. Seniority shall be given paramount consideration.

**ARTICLE XII
Off-Duty Pay**

All authorized off-duty pay for such purposes as vacations, holidays, illness, jury service, or for any other reason provided herein shall be at the rate of pay of the employee's regular classification for the number of hours regularly scheduled to work. The foregoing provisions of this Article are, however, subject to the provisions of Article X hereof.

**ARTICLE XIII
Termination Pay**

Nothing herein contained shall be construed to interfere with the right of the Company to suspend or discharge or lay off an employee for just cause: Provided, however, that when a reduction in the Regular personnel is necessary, the employees whose services are to be discontinued shall be given five days' advance notice thereof; and in the event such notice is not given, the Company will pay such employee the equivalent of five days' pay at his regular rate.

The respective Company agrees that if there is a need to reduce its regular personnel during the term of the Agreement, due to a "reduction in force," layoff, or closing of a facility, which affects

one or more employees, to meet with the Union to discuss the provisions of a special severance program which may be available.

ARTICLE XIV
Leaves of Absence

Section 1. When its business permits, the Company may grant a leave of absence to an employee, upon request, for a period of not to exceed three months, for any reason other than for the purpose of seeking or accepting other employment. Such leave of absence may also be extended for a similar period, if mutually agreed upon between the Company and the employee.

Section 2. All leaves of absence in excess of thirty days shall be in writing, and a copy thereof furnished the employee and the Union.

Section 3. Before the expiration of any leave of absence in excess of thirty days, or an extension thereof, the employee shall apply for reinstatement and, if he is physically qualified to perform his former duties, shall be reinstated. The Company may require, as a condition precedent to reinstatement, a physical examination, as provided for in Section 2 of Article IX.

Section 4. If such employee does not apply for reinstatement before expiration of the period of the leave of absence, or if he accepts other employment during such leave of absence without the written consent of the Company, or if he is physically unqualified to perform his accustomed work his employment with the Company will cease and terminate.

Section 5. Upon reinstatement of the employee at the expiration of leave of absence, he shall resume his employment in the job classification which he left with the Company and shall receive his seniority and other benefits to which he was entitled at the time his leave was commenced.

ARTICLE XV
Safety

The parties hereto agree that safety of employment is of vital importance both to the Company and the employee, and further agree that no employee shall be required to perform any work, unless reasonably proper safeguards are maintained. An inspection of any equipment may be secured at all reasonable times upon the recommendation of any employee working on or near such equipment. The local Worker's Committee may meet with the Superintendent and if not satisfied, then with the Management, for the purpose of discussing the elimination of hazards in order to prevent accidents.

ARTICLE XVI Pay Days

Section 1. The Company shall pay its employees on a bi-weekly basis. Employees shall have the option to have direct deposit of their checks or to have their checks mailed directly to the residence or mailed to be in the hands of the supervisors for delivery by them to the employees on the mornings of alternate Friday pay days. Whenever a regular pay day falls on a recognized holiday, the Company shall endeavor to have the checks to the employees as elected above on the workday preceding the holiday.

Section 2. Employees' pay shall be made available at the work station closest to them during regular office hours or mailed directly to their residence. However, employees whose hours begin and end at other than regular office hours of the Company shall be paid at their job site. Employees who live and work at locations distant from their work stations shall have their pay checks mailed to them.

Section 3. There shall be a two week lag for the payment of exception pay by the Company. At the time the exception pay is paid, the Company will provide information to the

employee identifying the period of time for which the employee is being paid exception pay.

**ARTICLE XVII
Lunch Period**

Section 1. Each employee shall be entitled to a lunch period after the employee has been on duty for four hours. The length of time for said lunch period shall be reasonable and shall be fixed by agreement between the Worker's Committee and the Company, or a representative thereof.

Section 2. Whenever continuous overtime work of two hours or more is required and at intervals of four hours subsequent thereto, the Company shall, for each and every occurrence, furnish the employee a meal at its own expense and afford the employee an opportunity of eating same, or in lieu thereof such employee shall be paid \$16.00 for each occurrence.

Section 3. Whenever a call-out involves continuous work of five (5) or more hours, the Company shall, after four (4) hours, furnish the employee a meal at its expense and afford the employee an opportunity of eating same, or in lieu thereof such employee shall be paid \$16.00. The foregoing requirement shall not apply in the case of an employee who is called out to perform a scheduled shift.

**ARTICLE XVIII
Schedule of Hours**

Section 1. Time and one-half shall be paid for all overtime in excess of eight hours on any work day, and for all overtime in excess of forty hours in any one work week: Provided, that no employee shall be paid both daily and weekly overtime on account of the same hours of overtime worked: Provided, further, that an employee shall not be laid off in order to avoid overtime payments.

Section 2. All work performed on Sunday by other than shift workers shall be paid for at

the rate of double-time the employee's regular rate: Provided, however, that such premium payments for Sunday work shall be credited against any weekly overtime which may accrue.

Section 3. When an off-duty employee is called out to work outside of his regular hours, he shall receive:

(a) overtime pay at the time and one-half rate for the hours actually worked on the call-out; plus

(b) a call-out allowance at the straight-time rate for the difference between the hours actually worked and four hours.

If a call-out involves four or more hours of work, the call-out allowance shall not be payable, inasmuch as all hours are at the overtime rate: Provided, that for the purpose of determining call-out pay, the period of any call-out shall not extend past the commencement of the affected employee's next regular work period.

Section 4. When an employee reports for work as scheduled or as requested under other circumstances than those covered by Section 3 of this Article, he shall receive the greater of (a) his appropriate rate for the hours worked or (b) four hours' pay at straight-time: Provided, that such reporting pay shall not be payable if four hours prior to the time for reporting, the employee is notified by the Company not to report. If as much as five hours' work is done, he shall be compensated for a full day's work at straight-time.

Section 5. Each employee shall be given at least one week's prior notice of any change in his regular day off or any change in his scheduled shift. Upon failure of the Company to give such notice, such employee shall receive premium pay at the rate of time and one-half his regular rate for the first eight hours worked on his first previously scheduled day off, or on his changed shift: Provided, that an employee shall not receive any premium pay under this Section when such employee's own schedule is changed:

- (a) at his request,
- (b) as the result of his filling a job under the posting procedure, or
- (c) as a result of his placement because of his physical disability.

Section 6. Any employee who works a double shift at the request of the Company shall receive premium pay at the rate of time and one-half his regular rate for the second shift: Provided, however, That any such premium pay shall be credited against any daily or weekly overtime which may have accrued.

Section 7. Overtime at the rate of time and one-half shall be paid for hours worked in excess of eight in the case of continuous work, even though two different work days are involved. In addition, whenever an employee is required to work more than sixteen (16) consecutive hours, he shall be paid for all consecutive hours worked in excess of sixteen (16) at two (2) times his straight-time rate until released from duty by the Company: Provided, however, that any such premium pay shall be credited against any daily or weekly overtime which may have accrued.

Section 8. When a call-out or prescheduled overtime is required, it shall be apportioned as reasonably practicable among qualified employees, who are either permanently or temporarily assigned to the work location. Consideration will then be given to the available employee in the classification that normally performs the work including those temporarily assigned employees who have been assigned or upgraded into a "fill-in" position for normal operations for 30 or more consecutive work days. A record of the overtime hours worked by each employee will be posted monthly by Columbia Gas Transmission Corporation, Columbia Gas of Kentucky, Inc., and by Columbia Gas of Ohio, Inc. If an employee is excused from an overtime assignment which he has been requested to perform, his overtime record shall be charged with the same number of hours as that of the employee who actually performed the overtime work.

When continuous overtime is required by the Company, the employee(s) who is working on

the job will be allowed to work the overtime. The Company will not be required to pay for time not worked under this section; however, the Company will endeavor to equalize the overtime as reasonably as practicable.

Section 9. Whenever an employee has worked continuously in excess of sixteen (16) hours and has been released from duty by the Company, he shall be entitled to an eight (8) hour rest period before he returns to work. If the rest period extends into the employee's regular scheduled shift, he shall be excused with pay at his straight-time rate for that part of his regular scheduled shift necessary to make up the eight (8) hour rest period. In the event that an employee is required by the Company to work during such rest period, he shall receive straight-time pay for the hours worked in addition to his rest period pay.

Section 10. Paid vacation time, jury duty, short term disability, and military leave shall be considered as time worked for the purpose of computing overtime.

ARTICLE XIX Classifications

Section 1. An employee entering a classification shall receive the rate of pay shown in Addendum A. An employee required to work temporarily in a lower job classification shall, nevertheless, receive his achieved classified rate set forth in Addendum A. Further, an employee permanently reclassified to, or required to work temporarily in another job in the same job grade, shall retain his achieved classified rate set forth in Addendum A.

Section 2. Except as provided in the following paragraphs in this section, an employee required to work temporarily in a higher job classification shall receive the Replacement Rate therefore set forth in Addendum A.

An employee who has attained a higher regular job classification and who was demoted shall receive the highest rate which he had attained whenever he is required to work in such

higher job classification.

An employee who works temporarily in a higher job classification shall receive credit toward the higher rates for all hours worked in such higher job classification. When an employee has amassed 1,040 work hours in such capacity, he shall thereafter receive the Six-Month Rate for work in the higher classification. When he has amassed an additional 1,040 work hours in such capacity, he shall receive the Twelve-Month Rate for work in the higher classification. An employee who has attained a higher regular job classification, and who was demoted, shall have the number of actual work hours in such higher regular job classification credited toward the aggregate 1,040 work hour periods set out in this paragraph.

Notwithstanding the preceding provisions, when upgrading is used to fill a position on a daily basis for a period of 130 work days in any calendar year, and, if the Company thereafter determines a permanent vacancy exists, this vacancy will be posted in accordance with provisions of Article XXV hereof.

Section 3. An employee is considered to be promoted when he is permanently reclassified to a job in a higher job grade. At the same time, except as provided in the following paragraphs of this section, his rate shall be increased to the Beginning Rate set forth in Addendum A, and in due course to the Six-Month Rate and to the Twelve-Month Rate.

An employee who has attained such regular job classification, and who was demoted, shall receive the highest rate which he had attained when he is again promoted to that classification.

In addition, the proper rate for an employee who has been promoted will be determined as follows:

- (a) Employees who have amassed 173 or more hours in the classification to which they were promoted will be credited with the number of actual work hours achieved under Section 2 of this Article toward the Six-Month Rate.

Employees who have amassed 1,213 or more hours in such classification to which they were promoted, will be credited with the number of actual work hours achieved under Section 2 of the Article toward the Twelve-Month Rate.

Those eligible employees will continue to receive credit in such classification for hours worked (exclusive of overtime) toward either the Six-Month or Twelve-Month Rate, whichever is applicable. However, once such employee achieves the Six-Month Rate, his rate shall then be increased, in due course, to the Twelve-Month Rate in a six month period as provided in the first paragraph of this section.

(b) Employees who have not amassed at least the 173 hours, as specified in (a) above, will be paid at the beginning rate and such employee will achieve the Six-Month and Twelve - Month Rates in due course on a monthly basis in accordance with the first paragraph of this section.

Section 4. An employee is considered to be demoted when he is permanently reclassified to a job in a lower job grade. At the same time, his wage shall be reduced to the Twelve-Month Rate set forth in Addendum A for such lower job.

Section 5. A Regular employee who is furloughed for lack of work and who is offered temporary reemployment by the Company shall be entitled to receive his regular classified rate of pay while performing temporary work during the period of his furlough, even though he is employed on work of a lower classified rate of pay.

For the purpose of this Section 5, a furloughed employee shall be construed to mean one laid off for lack of work, but whom the Company intends to recall upon the resumption of operations at his regular place of employment.

ARTICLE XX
Wearing Apparel

Section 1. In conformity with the present practice of the Company, employees required to work under extreme weather conditions shall, if possible, be furnished with rain coats and rubber boots, which shall remain the property of the Company. Upon failure of any employee to return such apparel, he shall be charged for same, and said charge may be deducted from any sum due such employee by the Company: Provided, however, that where the Company requires its employees to wear a particular kind of apparel, the Company agrees to furnish same in the first instance, the cost of replacement, however, to be borne 75% by the Company and 25% by the employee.

Section 2. The Distribution Company agrees to furnish the first two (2) pairs of coveralls or the option of one (1) pair of coveralls and one (1) two-piece set of work clothing (Carhartt) and the first two (2) T-shirts to outside Distribution Plant employees, excluding employees who are required to wear a uniform. Distribution employees may substitute a one-piece set of work clothing (Carhartt) for the aforementioned two-piece set of work clothing (Carhartt).

Section 3. Such clothing will be provided on the following basis: (a) The Distribution Company will provide the first two (2) pairs of coveralls or one (1) pair of coveralls and one (1) two-piece set of work clothing and the first two (2) T-shirts (unless previously provided to an employee under prior agreements) without cost; (b) The cost of replacing such clothing when necessary will be borne 75% by the Distribution Company and 25% by the employee; (c) The employee will, at his own expense, keep such clothing clean and in good repair.

Section 4. In lieu of the Wearing Apparel Items above, Columbia Gas Transmission employees will be paid a clothing allowance of \$250 annually during the month of December to eligible employees. In addition, up to \$135 reimbursement of boots will be provided on an annual basis or as needed at supervisor's discretion.

ARTICLE XXI
Holidays

Holidays shall be:

- New Year's Day
- Memorial Day (last Monday in May)
- Independence Day
- Labor Day
- Thanksgiving
- The Day After Thanksgiving
- Christmas
- Five (5) Personal (Floating) Days*

*Only the Personal (Floating) Days may be taken in increments of four hours.

In order that the service of the Company may be adequately and properly maintained, the Personal (Floating) Days are established with the understanding that the Company reserves the right to fix the time at which the Holidays may be taken, but will endeavor to arrange the day, if possible, at a time desired by the employee. Employees will not be entitled to the Personal (Floating) Days unless they have become classified as a "Regular" employee, as provided in Article II, Section 3(b) of this Agreement by November 1 in the year of hire.

If any of the above holidays fall on Sunday, the following Monday shall be observed as the holiday, except when such Sunday falls on a regularly scheduled work day of an employee; and if any of the above holidays fall on Saturday, the preceding Friday shall be observed as the holiday, except when such Saturday falls on a regularly scheduled work day of an employee. Employees required to work on any of the above holidays shall be compensated for hours worked at the rate of two and one-half times their regular rate of pay for the first eight hours worked, and at the rate of time and one-half their regular rate of pay for any hours in excess of the first eight hours worked. Regular employees not working on any of the above holidays shall receive eight hours' pay at their regular rate; and further, if any observed holiday falls on one of their regularly scheduled work days, such holiday shall be considered as time worked for the purpose of computing overtime.

ARTICLE XXII

Jury Duty

In the event a Regular employee is called for jury service, said employee shall request time off from his supervisor. The Company will pay the employee his regular base pay while serving such duty.

Shift workers who are selected to serve on a jury (Federal or State), and are scheduled to work an evening or morning shift, may request a schedule change as provided by Article XVIII, Section 5. The Company will endeavor to accommodate the employee's request as reasonably as practicable.

ARTICLE XXIII Travel and Expenses

Section 1. An employee temporarily assigned from his home work station to another work station for a specific project anticipated to require one or more days of work, or for a specified length of time of one or more days, shall be (a) allowed to travel from his residence on Company time when first reporting to work at the temporary work station and when returning to his residence when the Company decides that his services at the temporary station are no longer required; (b) afforded the opportunity to travel to his residence and back to his temporary station every other weekend on Company time; (c) when the nearest suitable temporary lodging is more than ten miles away from the temporary work station, allowed to travel on Company time for the distance over ten miles both in reporting to the temporary station each morning and in returning to the place of temporary lodging each night; and (d) reimbursed for his reasonable and actual cost of temporary lodging and meals while away from home and lawful travel expenses and other reasonable and actual expenses incurred while away from home: Provided, that in lieu of the foregoing travel time allowances and expense reimbursements, the Company will reimburse the employee for the actual cost of his mid-day meal and his actual daily travel expenses between his

residence and the temporary station and back if the distance between his residence and the temporary station is reasonably close, and if such alternative does not impair or disrupt the work continuity, or create added expense, or adversely affect the employee's performance of his temporary assignment. An employee in a daily travel situation under the "proviso" portion of Section 1, under normal driving conditions, will travel the first thirty (30) minutes going to and returning from the temporary assignment each day on his own time. Any travel time required beyond thirty (30) minutes will be considered as time worked.

Section 2. For the purpose of CKY/COH an employee assigned to work outside the jurisdictional area of his home work station at the time of his mid-day meal will be eligible for lunch money allowance of \$5.30.

Section 3. For the purpose of mid-day meals at TCO an employee assigned to work outside the jurisdictional area of his home work station at the time of his mid-day meal will be eligible for a lunch money allowance of \$6.00. The respective Operations Manager's area of responsibility is defined as the jurisdictional area.

Section 4. During the term of this Agreement, the personal vehicle mileage reimbursement rate shall be the Internal Revenue Service rate applicable to that period.

ARTICLE XXIV Benefit Plans

The Company agrees to continue during the life of this agreement, the current Retirement Income Plan (through 12/31/2012), the Account Balance Pension Plan, Long Term Disability, Group Life Insurance and PPO Medical Plan, unless modified by mutual agreement between the Company and the Union. The Company reserves the right to change plan administrators and vendors, eliminate any other medical plans, and modify savings plan options, and modify plans to be compliant with all government regulations.

ARTICLE XXV

Job Posting and Bidding

Section 1. When a permanent vacancy which is to be filled occurs within any of the job classifications set out in Addendum A, except Utility or Janitor, the Company will post notice thereof, including the intended date the vacancy is to be filled, in the particular basic seniority unit involved (as set forth by Article VII, Section 3(c)(1)) for a period of not less than ten (10) days prior to the time such vacancy is to be filled, during which time any eligible employee in such basic seniority unit may apply therefor; provided, however, that if any employee accepts a job that does not involve a change in his job classification, he shall be ineligible to exercise his rights to apply for another job that does not involve a change in his job classification for a period of twelve months following the effective date of job acceptance (provided further that an employee may exercise his rights to apply for another job that does not involve a change in his job classification if his work location is closed). In the event a permanent vacancy which is to be filled occurs within either the Utility or Janitor job classifications, the Company shall forthwith proceed to consider those employees within the same basic seniority unit who had applicable Requests for Transfer on file at the time the vacancy occurred. Any such vacancy will be filled in accordance with the terms of this Agreement, and the Company will post the name of the employee awarded any such vacancy, within two weeks after the expiration of the ten-day posting period, at all such work locations within the same basic seniority unit.

Section 2. In the case of a permanent vacancy posted under Section 1 of this Article but not filled by a bidder and in the case of a permanent vacancy within either the Utility or Janitor job classifications, the Company shall forthwith proceed to consider the following Regular employee groups in the order listed:

- (a) employees working elsewhere but with seniority rights in the basic seniority unit in

which the permanent vacancy exists, who had applicable Requests for Transfer on file when the original vacancy was posted;

- (b) laid off employees who still retain their classifications as Regular employees under Article II, Section 3(c) hereof;
- (c) surplus employees;
- (d) pre-surplus employees;
- (e) furloughed employees; and
- (f) other employees who had applicable Requests for Transfer on file when the original vacancy was posted.

Employees who have Requests for Transfer on file and refuse to accept an offered transfer shall be ineligible to exercise their rights to (a) and (f) above for a period of twelve (12) months following the effective date of the offered transfer.

Irrespective of the employee group from which the vacancy may be filled, such vacancy will be filled in accordance with the terms of this Agreement; and within twenty (20) days, the Company will notify the Union and the involved employees of the results of such review: Provided, that nothing in this Article or other Articles of this Agreement shall be construed as requiring the Company to offer to the involved employees the same job classification under this Section 2 that was not filled by posting under Section 1.

Section 3. In the case of a permanent vacancy posted under Section 1 but not filled under preceding sections of this Article, before filling said permanent vacancy with a person who is not a Regular employee, as defined in Section 3 of Article II of this Agreement, the Company shall post notice of said permanent vacancy at all other work locations within the bargaining unit which is covered by this Agreement.

Such posting shall be for a period of not less than ten (10) days, during which time any eligible employee (except those in the basic seniority unit involved) may apply therefor.

Any such vacancy will be filled in accordance with the terms of this Agreement; and the Company will post the name of the employee awarded any such vacancy, within two weeks after the expiration of the ten-day posting period, at all such work locations: Provided, that nothing in this Article or other Articles of this Agreement shall be construed as requiring the Company to post the same job classification under Section 3 that was not filled under the preceding Sections of this Article.

Section 4. The Union and the Company, being appreciative of the fact that the prompt filling of vacancies is to their mutual advantage, agree that if the filling of a vacancy by the Job Posting and Bidding Procedure results in one or more additional, permanent vacancies (secondary vacancies) to be filled, the Company will endeavor to post such secondary vacancies at the time of the posting of the primary vacancy. The Company will process the filling of all vacancies with all reasonable dispatch.

Section 5. Newly hired employees shall be ineligible to bid on or transfer to another job for a period of twelve (12) months following the effective day of job acceptance, except where such bid would involve a promotion to a higher job classification. Nothing in this Section 5 shall be construed as limiting the Company's right to transfer or to reassign employees.

ARTICLE XXVI
Worker's Committee

Section 1. The Union shall elect not more than eight (8) members from Local 372 (to consist of at least one employee of Columbia Gas Transmission Corporation, one employee of Columbia Gas of Kentucky, Inc., and one employee of Columbia Gas of Ohio, Inc.) and six (6) members from Local 628 to represent it in negotiations with the Company, those representatives

to be the group herein referred to as the "Worker's Committee."

The foregoing shall have no effect upon the number of Worker's Committee members authorized under Article XXVII to participate in the Grievance Procedure, except that at least one of the authorized Committee members so participating shall be an employee of the particular company involved in the grievance or controversy.

Section 2. The Committee above mentioned shall be selected from among and by the employees subject to this Agreement; and in order to be eligible for membership on such Committee, an employee must be a Regular employee of one of the Companies party to this Agreement, a member of the Union, and an American citizen.

Section 3. It is agreed that the Union will furnish the Company with a certified list of the members of said Committee and advise the Company, in writing, of any changes made therein from time to time, and only such members as have been duly certified by the Union shall be entitled to attend the meetings of said Committee and shall suffer no loss of pay therefor.

ARTICLE XXVII Grievances

Section 1. Any employee may discuss with his immediate supervisor any complaint or other matter which he feels requires adjustment. The employee may be accompanied by his committeeman or his steward if he so desires.

Section 2. If a settlement is not obtained in Section 1 the employee or group of employees may seek redress as follows:

Step I. The aggrieved employee or group of employees shall present the grievance in writing, on forms to be supplied by the Company, to the appropriate immediate supervisor within thirty (30) calendar days after the occurrence giving rise to the grievance. The Distribution Area Manager or the appropriate Superintendent, as the

case may be, and/or such other Company representative as he may designate shall within ten (10) days (excluding Saturday, Sunday and Holidays) investigate and meet with the aggrieved employee, or one member of a group of aggrieved employees, and not more than three (3) members of the Worker's Committee at a mutually agreed upon location. Within ten (10) days (excluding Saturday, Sunday and Holidays) after such meeting, the Company's decision shall be communicated in writing to the employee or employees concerned, the Worker's Committee, and the Secretary of the Local.

Step II. If results satisfactory to the employee or employees are not obtained in Step I, the case may then be submitted, in writing, within 30 days after the issuance of the Company's Step I answer for final determination by the Company to the designated Human Resources representative. The Company shall within thirty (30) days (excluding Saturday, Sunday and Holidays) or by mutual agreement, meet with the aggrieved employee, or one member of a group of aggrieved employees, and not more than three (3) members of the Worker's Committee. Within ten (10) days (excluding Saturday, Sunday and Holidays) after such meeting, the Company will communicate its decision in writing to the Union.

Section 3. It is agreed that if a grievance is not referred or appealed to the next Step within the specified time limits, as set out in Steps I and II above, it shall be considered settled without prejudice. The Management agrees that it will meet with the Worker's Committee at such times as may be agreeable, and those members of the Committee who are caused to lose time from their regular schedules because of such meetings shall suffer no loss of pay.

ARTICLE XXVIII
Arbitration

Section 1. If there arises any controversy between the employee or a group of employees

and the Company, with respect to the interpretation of the provisions of this Agreement, or wherein there is alleged a violation of the terms of this Agreement, such controversy shall first be treated as an ordinary grievance and processed through the Steps, as provided for in Article XXVII.

An earnest effort shall be made by the Company and the Union to reach an amicable adjustment of all grievances.

Section 2. In the event an amicable adjustment of a grievance, as defined in Section 1 of this Article, cannot be reached by the grievance procedure as set out in Article XXVII of this Agreement, the matter shall be submitted to Arbitration as provided in Section 3 hereof, after notice is given in writing within thirty (30) days after the completion of the grievance procedure. Unless notice is given within thirty (30) days as set forth above, the grievance shall be considered settled without prejudice.

Section 3. (a) If any controversy or grievance arising under the terms of this Agreement cannot be adjusted and settled in the manner above provided, the same shall be promptly submitted to a Board of Arbitration, to be selected as follows: One to be chosen without delay by the Company and one to be chosen without delay by the Union. These two shall meet within ten (10) calendar days; and if they cannot reach agreement, the Union arbitrator shall, within thirty (30) calendar days, notify the Company arbitrator of the Union's desire to select a third member to complete the Board of Arbitration. In the event such notice is not timely given, the matter shall be considered to have been settled. If these two cannot reach an agreement as to the selection of a third member, the Federal Mediation and Conciliation Service or another arbitration service mutually agreed to by the Company and the Union shall appoint said third member to complete the Board of Arbitration. When the third member has been thus selected, the parties will attempt to provide him with a joint statement of the issue to be arbitrated. The Board of Arbitration shall limit

its decision to the issue or issues thus submitted by the parties and shall have no authority to amend, add to, or subtract from this Agreement. The decision of such Board of Arbitration shall be rendered without delay, and the decision of the majority of said Board shall be final and binding on all parties involved in such grievance and shall conclusively determine the same.

(b) If an employee's case is at any stage decided in his favor, he will be put in the same financial position by the Company as if it had been originally so decided and his seniority shall not be affected.

(c) Any number of grievances may be presented at the same arbitration hearing or hearings so long as the latest of those selected for hearing was appealed to arbitration no more than sixty (60) days after the date first was appealed to arbitration.

ARTICLE XXIX

If any Court shall hold any part of this Agreement invalid, such decisions shall not invalidate the entire Agreement.

ARTICLE XXX

This Agreement shall be effective from December 1, 2006, to the first day of December 2011, and, unless terminated at the end of that period by sixty (60) days' prior written notice from one party to the other, shall continue thereafter until terminated by either party on a sixty (60) days' written notice or amended by mutual consent.

ARTICLE XXXI

The United Steelworkers guarantees the Company performance of this Agreement by Local Unions Nos. 372 and 628 of the UNITED STEELWORKERS INTERNATIONAL UNION.

PSC DR 01-038
Attachment B
Respondent: S. M. Katko

ARTICLE XXXII

All notices in connection with the operation of this Agreement shall be mailed to:

Director of Human Resources
Columbia Gas Transmission Corp.
P.O. Box 1273
Charleston, West Virginia 25325

Secretary-Treasurer
Local 372
P.O. Box 330
Prestonsburg, Kentucky 41653

Financial Secretary
Local 628
P.O. Box 6766
Charleston, WV 25362

United Steelworkers International Union
5 Gateway Center
Pittsburgh, PA 25111

Manager of Human Resources
Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc.
2001 Mercer Road
Lexington, KY 40511

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives, this ____ day of _____, 2007:

COLUMBIA GAS TRANSMISSION CORPORATION, COLUMBIA GAS OF KENTUCKY, INC. and COLUMBIA GAS OF OHIO, INC.

Lori Johnson
Manager Human Resources

Jovette Pino
Director Employee and Labor Relations

Teresa Smith
Director Human Resources

Dreama Whitmire
Sr. Human Resources Consultant

United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial and Service Workers International
Union AFL-CIP-CLC

Leo W. Gerard, International President

James D. English, International Secretary-Treasurer

Thomas M. Conway, International Vice-President
(Administration)

Fred Redmond, International Vice-President
(Human Affairs)

Ernest R. Thompson, Director District 8

Emmanuel S. Mason, Assistant to the Director

John Knauff, Staff Representative.

Mike Chapman, President, Local 372

Charles V. Armstead, President, Local 628

For Local 372

Gary Kendrick

David Bailey

Bill Curtis

Brian Warden

Tim Logan

Jack L. Johnson

Tommy Smith

Sheena Byrd

For LOCAL 628

Mike Wood

Curtis Edelman

John Alan White

ADDENDUM A

COLUMBIA GAS TRANSMISSION CORPORATION

The Job Classifications and Rates of Pay listed in the following schedules apply for the respective periods set forth below:

SCHEDULE 1

March 1, 2007 Rates

Descr	Beginning	6 month	Max
A&E Mechanic A	26.5047	26.8614	27.1721
A&E Mechanic B	25.3337	25.6966	25.9543
Assistant Operator B	23.5420	23.6530	23.9518
Auto Mechanic	24.2446	24.5022	24.8301
Auto/Heavy Equipment Mechanic	25.3337	25.6966	25.9543
Bailing Machine Helper	22.1134	22.3124	22.4468
Bailing Machine Operator	23.5420	23.6530	23.9518
Building Facilities Electrician	26.5047	26.8614	27.1721
Carpenter	23.5420	23.6530	23.9518
Chief Auto Mechanic	26.5047	26.8614	27.1721
Cleaning Out Helper	22.7457	22.8394	23.0853
Communications Repairman A	25.3337	25.6966	25.9543
Communications Repairman B	23.5420	23.6530	23.9518
Dis Instmt Mechanic A	25.3337	25.6966	25.9543
Dist Instmt Mechanic AA	26.5047	26.8614	27.1721
Dist Instmt Mechanic B	23.5420	23.6530	23.9518
Dist Instmt Mechanic C	22.7457	22.8394	23.0853
Electrician B	25.3337	25.6966	25.9543
Groundskeeper	22.1134	22.3124	22.4468
Heavy Equipment Operator	25.5840	25.9470	26.2046
Inspector - Aerial	23.5420	23.6530	23.9518
Inspector A	23.5420	23.6530	23.9518
Instrument Mechanic A	25.3337	25.6966	25.9543
Instrument Mechanic B	22.7457	22.8394	23.0853
Janitor Night*	19.7127	19.8415	19.9352
Janitor Night**	20.6612	20.7666	20.9423
Lead Janitor Night	21.5161	21.6683	21.8791
Machinist	26.5047	26.8614	27.1721
Maintenance Mechanic	26.5047	26.8614	27.1721
Operating/Maint Man HDQ	25.3337	25.6966	25.9543
Operating/Maint Trainee	22.1134	22.3124	22.4468
Operating/Mntmn-Operating Cntr	24.2446	24.5022	24.8301
Operator A	26.5047	26.8614	27.1721
Operator B	25.3337	25.6966	25.9543
Pipeliner	23.3188	23.5178	23.7493

Pipeliner A	24.2446	24.5022	24.8301
Pumper	23.5420	23.6530	23.9518
Repairman	23.8928	24.0038	24.3025
Roustabout B	22.1134	22.3124	22.4468
Truck Driver	22.7457	22.8394	23.0853
Truck Driver Heavy	24.2446	24.5022	24.8301
Utility A***	21.0593	21.1882	21.3989
Utility A****	17.1688	17.2976	17.5083
Utility B***	19.7127	19.8415	19.9352
Utility B****	16.1438	16.2726	16.3663
Warehouseman	22.7457	22.8394	23.0853
Warehouseman A	23.5420	23.6530	23.9518
Welder A	24.2446	24.5022	24.8301
Welder AA	25.3337	25.6966	25.9543
Welder AAA	26.5047	26.8614	27.1721
Welder B	23.5420	23.653	23.9518
Welder Trainee	22.1134	22.3124	22.4468
Well Tender	22.7457	22.8394	23.0853

* Rates of Janitor on or after 12/1/84

**Rates of Janitor before 12/1/84

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 2

December 1, 2007 Rates

6

Descr	Beginning	month	Max
A&E Mechanic A	27.4028	27.7702	28.0903
A&E Mechanic B	26.1967	26.5705	26.8359
Assistant Operator B	24.3513	24.4656	24.7734
Auto Mechanic	24.9719	25.2373	25.5750
Auto/Heavy Equipment Mechanic	26.0937	26.4675	26.7329
Bailing Machine Helper	22.7768	22.9818	23.1202
Bailing Machine Operator	24.2483	24.3626	24.6704
Building Facillties Electricia	27.4028	27.7702	28.0903
Carpenter	24.2483	24.3626	24.6704
Chief Auto Mechanic	27.2998	27.6672	27.9873
Cleaning Out Helper	23.4281	23.5246	23.7779
Communications Repairman A	26.1967	26.5705	26.8359
Communications Repairman B	24.3513	24.4656	24.7734
Dis Instmt Mechanic A	26.1967	26.5705	26.8359
Dist Instmt Mechanic AA	27.4028	27.7702	28.0903
Dist Instmt Mechanic B	24.3513	24.4656	24.7734
Dist Instmt Mechanic C	23.5311	23.6276	23.8809
Electrician B	26.0937	26.4675	26.7329
Groundskeeper	22.8798	23.0848	23.2232
Heavy Equipment Operator	26.4545	26.8284	27.0937
Inspector - Aerial	24.2483	24.3626	24.6704
Inspector A	24.2483	24.3626	24.6704
Instrument Mechanic A	26.0937	26.4675	26.7329
Instrument Mechanic B	23.4281	23.5246	23.7779
Janitor Night*	20.3041	20.4367	20.5333
Janitor Night**	21.2810	21.3896	21.5706
Lead Janitor Night	22.1616	22.3183	22.5355
Machinist	27.2998	27.6672	27.9873
Maintenance Mechanic	27.4028	27.7702	28.0903
Operating/Maint Man HDQ	26.1967	26.5705	26.8359
Operating/Maint Trainee	22.7768	22.9818	23.1202
Operating/Mntmn-Operating Cntr	25.0749	25.3403	25.678
Operator A	27.4028	27.7702	28.0903
Operator B	26.1967	26.5705	26.8359
Pipeliner	24.1214	24.3263	24.5648
Pipeliner A	25.0749	25.3403	25.678
Pumper	24.3513	24.4656	24.7734
Repairman	24.7126	24.8269	25.1346
Roustabout B	22.8798	23.0848	23.2232

Respondent: S. M. Katko

Truck Driver	23.4281	23.5246	23.7779
Truck Driver Heavy	25.0749	25.3403	25.678
Utility A***	21.6911	21.8238	22.0409
Utility A****	17.6839	17.8165	18.0335
Utility B***	20.3041	20.4367	20.5333
Utility B****	16.6281	16.7608	16.8573
Warehouseman	23.5311	23.6276	23.8809
Warehouseman A	24.2483	24.3626	24.6704
Welder A	25.0749	25.3403	25.678
Welder AA	26.1967	26.5705	26.8359
Welder AAA	27.4028	27.7702	28.0903
Welder B	24.3513	24.4656	24.7734
Welder Trainee	22.7768	22.9818	23.1202
Well Tender	23.4281	23.5246	23.7779

* Rates of Janitor on or after 12/1/84

**Rates of Janitor
before 12/1/84

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 3

Descr	December 1, 2008 Rates		
	Beginning	month	Max
A&E Mechanic A	28.3794	28.7578	29.0875
A&E Mechanic B	27.1371	27.5221	27.7955
Assistant Operator B	25.2363	25.3541	25.6711
Auto Mechanic	25.7211	25.9944	26.3423
Auto/Heavy Equipment Mechanic	26.8765	27.2615	27.5349
Bailing Machine Helper	23.4601	23.6713	23.8138
Bailing Machine Operator	24.9757	25.0935	25.4105
Building Facillties Electricia	28.3794	28.7578	29.0875
Carpenter	24.9757	25.0935	25.4105
Chief Auto Mechanic	28.1188	28.4972	28.8269
Cleaning Out Helper	24.1309	24.2303	24.4912
Communications Repairman A	27.1371	27.5221	27.7955
Communications Repairman B	25.2363	25.3541	25.6711
Dis Instmt Mechanic A	27.1371	27.5221	27.7955
Dist Instmt Mechanic AA	28.3794	28.7578	29.0875
Dist Instmt Mechanic B	25.2363	25.3541	25.6711
Dist Instmt Mechanic C	24.3915	24.4909	24.7518
Electrician B	26.8765	27.2615	27.5349
Groundskeeper	23.7207	23.9318	24.0744
Heavy Equipment Operator	27.4026	27.7878	28.0610
Inspector - Aerial	24.9757	25.0935	25.4105
Inspector A	24.9757	25.0935	25.4105
Instrument Mechanic A	26.8765	27.2615	27.5349
Instrument Mechanic B	24.1309	24.2303	24.4912
Janitor Night*	20.9132	21.0498	21.1493
Janitor Night**	21.9194	22.0313	22.2177
Lead Janitor Night	22.8264	22.9878	23.2116
Machinist	28.1188	28.4972	28.8269
Maintenance Mechanic	28.3794	28.7578	29.0875
Operating/Maint Man HDQ	27.1371	27.5221	27.7955
Operating/Maint Trainee	23.4601	23.6713	23.8138
Operating/Mntmn-Operating Cntr	25.9816	26.2550	26.6028
Operator A	28.3794	28.7578	29.0875
Operator B	27.1371	27.5221	27.7955
Pipeliner	24.9995	25.2106	25.4562
Pipeliner A	25.9816	26.2550	26.6028
Pumper	25.2363	25.3541	25.6711
Repairman	25.6085	25.7262	26.0431
Roustabout B	23.7207	23.9318	24.0744
Truck Driver	24.1309	24.2303	24.4912

Respondent: S. M. Katko

Truck Driver Heavy	25.9816	26.2550	26.6028
Utility A***	22.3418	22.4785	22.7021
Utility A****	18.2144	18.3510	18.5745
Utility B***	20.9132	21.0498	21.1493
Utility B****	17.1269	17.2636	17.363
Warehouseman	24.3915	24.4909	24.7518
Warehouseman A	24.9757	25.0935	25.4105
Welder A	25.9816	26.2550	26.6028
Welder AA	27.1371	27.5221	27.7955
Welder AAA	28.3794	28.7578	29.0875
Welder B	25.2363	25.3541	25.6711
Welder Trainee	23.4601	23.6713	23.8138
Well Tender	24.1309	24.2303	24.4912

* Rates of Janitor on or after 12/1/84

**Rates of Janitor before 12/1/84

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 4

Descr	December 1, 2009 Rates		
	Beginning	month	Max
A&E Mechanic A	29.5279	29.9196	30.2608
A&E Mechanic B	28.2421	28.6406	28.9236
Assistant Operator B	26.2748	26.3967	26.7248
Auto Mechanic	26.6213	26.9042	27.2643
Auto/Heavy Equipment Mechanic	27.8172	28.2157	28.4986
Bailing Machine Helper	24.2812	24.4998	24.6473
Bailing Machine Operator	25.8498	25.9718	26.2999
Building Facillties Electricia	29.5279	29.9196	30.2608
Carpenter	25.8498	25.9718	26.2999
Chief Auto Mechanic	29.1030	29.4946	29.8358
Cleaning Out Helper	24.9755	25.0784	25.3484
Communications Repairman A	28.2421	28.6406	28.9236
Communications Repairman B	26.2748	26.3967	26.7248
Dis Instmt Mechanic A	28.2421	28.6406	28.9236
Dist Instmt Mechanic AA	29.5279	29.9196	30.2608
Dist Instmt Mechanic B	26.2748	26.3967	26.7248
Dist Instmt Mechanic C	25.4005	25.5033	25.7733
Electrician B	27.8172	28.2157	28.4986
Groundskeeper	24.7062	24.9247	25.0723
Heavy Equipment Operator	28.5169	28.9156	29.1984
Inspector - Aerial	25.8498	25.9718	26.2999
Inspector A	25.8498	25.9718	26.2999
Instrument Mechanic A	27.8172	28.2157	28.4986
Instrument Mechanic B	24.9755	25.0784	25.3484
Janitor Night*	21.6452	21.7865	21.8895
Janitor Night**	22.6866	22.8024	22.9953
Lead Janitor Night	23.6253	23.7924	24.0240
Machinist	29.1030	29.4946	29.8358
Maintenance Mechanic	29.5279	29.9196	30.2608
Operating/Maint Man HDQ	28.2421	28.6406	28.9236
Operating/Maint Trainee	24.2812	24.4998	24.6473
Operating/Mntmn-Operating Cntr	27.0462	27.3292	27.6891
Operator A	29.5279	29.9196	30.2608
Operator B	28.2421	28.6406	28.9236
Pipeliner	26.0297	26.2482	26.5024
Pipeliner A	27.0462	27.3292	27.6891
Pumper	26.2748	26.3967	26.7248
Repairman	26.6600	26.7819	27.1099
Roustabout B	24.7062	24.9247	25.0723
Truck Driver	24.9755	25.0784	25.3484

Respondent: S. M. Katko

Truck Driver Heavy	27.0462	27.3292	27.6891
Utility A***	23.1238	23.2652	23.4967
Utility A****	18.8519	18.9933	19.2246
Utility B***	21.6452	21.7865	21.8895
Utility B****	17.7263	17.8678	17.9707
Warehouseman	25.4005	25.5033	25.7734
Warehouseman A	25.8498	25.9718	26.2999
Welder A	27.0462	27.3292	27.6891
Welder AA	28.2421	28.6406	28.9236
Welder AAA	29.5279	29.9196	30.2608
Welder B	26.2748	26.3967	26.7248
Welder Trainee	24.2812	24.4998	24.6473
Well Tender	24.9755	25.0784	25.3484

* Rates of Janitor on or after 12/1/84

**Rates of Janitor before 12/1/84

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 5

Descr	December 1, 2010 Rates		
	Beginning	6 month	Max
A&E Mechanic A	30.5682	30.9717	31.3231
A&E Mechanic B	29.2439	29.6543	29.9458
Assistant Operator B	27.2175	27.3431	27.6810
Auto Mechanic	27.4199	27.7113	28.0822
Auto/Heavy Equipment Mechanic	28.6517	29.0622	29.3536
Bailing Machine Helper	25.0096	25.2348	25.3867
Bailing Machine Operator	26.6253	26.7510	27.0889
Building Facilities Electricia	30.5682	30.9717	31.3231
Carpenter	26.6253	26.7510	27.0889
Chief Auto Mechanic	29.9761	30.3794	30.7309
Cleaning Out Helper	25.7248	25.8308	26.1089
Communications Repairman A	29.2439	29.6543	29.9458
Communications Repairman B	27.2175	27.3431	27.6810
Dis Instmt Mechanic A	29.2439	29.6543	29.9458
Dist Instmt Mechanic AA	30.5682	30.9717	31.3231
Dist Instmt Mechanic B	27.2175	27.3431	27.6810
Dist Instmt Mechanic C	26.3170	26.4229	26.7010
Electrician B	28.6517	29.0622	29.3536
Groundskeeper	25.6019	25.8269	25.9790
Heavy Equipment Operator	29.5269	29.9376	30.2289
Inspector - Aerial	26.6253	26.7510	27.0889
Inspector A	26.6253	26.7510	27.0889
Instrument Mechanic A	28.6517	29.0622	29.3536
Instrument Mechanic B	25.7248	25.8308	26.1089
Janitor Night*	22.2946	22.4401	22.5462
Janitor Night**	23.3672	23.4865	23.6852
Lead Janitor Night	24.3341	24.5062	24.7447
Machinist	29.9761	30.3794	30.7309
Maintenance Mechanic	30.5682	30.9717	31.3231
Operating/Maint Man HDQ	29.2439	29.6543	29.9458
Operating/Maint Trainee	25.0096	25.2348	25.3867
Operating/Mntmn-Operating Cntr	28.0121	28.3036	28.6743
Operator A	30.5682	30.9717	31.3231
Operator B	29.2439	29.6543	29.9458
Pipeliner	26.9651	27.1901	27.4520
Pipeliner A	28.0121	28.3036	28.6743
Pumper	27.2175	27.3431	27.6810
Repairman	27.6143	27.7399	28.0777
Roustabout B	25.6019	25.8269	25.9790
Truck Driver	25.7248	25.8308	26.1089

Respondent: S. M. Katko

Truck Driver Heavy	28.0121	28.3036	28.6743
Utility A***	23.8175	23.9632	24.2016
Utility A****	19.4175	19.5631	19.8013
Utility B***	22.2946	22.4401	22.5462
Utility B****	18.2581	18.4038	18.5098
Warehouseman	26.3170	26.4229	26.7011
Warehouseman A	26.6253	26.7510	27.0889
Welder A	28.0121	28.3036	28.6743
Welder AA	29.2439	29.6543	29.9458
Welder AAA	30.5682	30.9717	31.3231
Welder B	27.2176	27.3431	27.6810
Welder Trainee	25.0096	25.2348	25.3867
Well Tender	25.7248	25.8308	26.1089

* Rates of Janitor on or after 12/1/84

**Rates of Janitor before 12/1/84

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

ADDENDUM A (continued)

COLUMBIA GAS OF KENTUCKY, INC. and COLUMBIA GAS OF OHIO, INC.

The following schedule of wages shall apply to the following classifications for the respective periods set forth below.

SCHEDULE 1

March 1, 2007 Rates

Descr	Beginning	6 Month	Max
Building Maint Oper	24.2446	24.5022	24.8301
Construct-Regulator Oper	25.3337	25.6966	25.9543
Customer Service A	24.2446	24.5022	24.8301
Customer Service B	23.5420	23.6474	23.9518
Customer Service Sr	26.5047	26.8442	27.1839
Dispatcher A	23.6942	23.7879	24.1041
Dispatcher B	22.7457	22.8394	23.0853
General Utility A	25.3337	25.6966	25.9543
General Utility B	23.5420	23.6474	23.9518
Heavy Equip Operator	24.2446	24.5022	24.8301
Inspector A	23.5420	23.6474	23.9518
Inspector B	22.7457	22.8394	23.0853
Measure Regulat Inspect A	25.4742	25.8255	26.0949
Measure Regulat Inspect B	23.5420	23.6474	23.9518
Measurement & Reg Tech II	26.5047	26.8442	27.1839
Meter Reader	19.8649	20.9423	22.0079
Meter Reader	22.7457	22.8394	23.0853
Meter Reader*	19.8649	20.9423	22.0079
Plant/Service Combination	25.2417	25.6096	25.8585
Regulation Tech II	26.5047	26.8442	27.1839
Regulator Inspector A	25.4039	25.7552	26.0245
Regulator Inspector AA	26.4228	26.7857	27.1019
Street Service A	24.1975	24.3381	24.6310
Street Service B	22.7457	22.8394	23.0853
Street Service C	22.1134	22.3124	22.4295
Truck Driver	22.7457	22.8394	23.0853
Truck Driver Heavy	23.5420	23.6474	23.9518
Utility Representative	22.1131	22.3124	22.4296
Warehouseman	22.7574	22.8510	23.0853
Welder A	24.2446	24.5022	24.8301
Welder AA	25.3337	25.6966	25.9543
Welder AAA	26.5047	26.8560	27.1839
Welder B	23.542	23.653	23.9518
Utility A***	21.0593	21.1882	21.3989
Utility A****	17.1688	17.2976	17.5083
Utility B***	19.7127	19.8415	19.9352
Utility B****	16.1438	16.2726	16.3663

* Rates to be paid to employees entering Meter Reader classification after 12/1/84

**Utility B is automatically promoted to Utility A upon completion of one year's service with the Company

*** Rates of UB & UA hired prior to 3/1/07 ****Rates of UB & UA hired after 3/1/07

SCHEDULE 2

Descr	December 1, 2007 Rates		
	Beginning	6 Month	Max
Building Maint Oper	25.0749	25.3403	25.6780
Construct-Regulator Oper	26.1967	26.5705	26.8359
Customer Service A	25.0749	25.3403	25.6780
Customer Service B	24.3513	24.4598	24.7734
Customer Service Sr	27.4028	27.7525	28.1024
Dispatcher A	24.5080	24.6045	24.9302
Dispatcher B	23.5311	23.6276	23.8809
General Utility A	26.1967	26.5705	26.8359
General Utility B	24.3513	24.4598	24.7734
Heavy Equip Operator	25.0749	25.3403	25.6780
Inspector A	24.3513	24.4598	24.7734
Inspector B	23.5311	23.6276	23.8809
Measure Regulat Inspect A	26.3414	26.7033	26.9807
Measure Regulat Inspect B	24.3513	24.4598	24.7734
Measurement & Reg Tech II	27.4028	27.7525	28.1024
Meter Reader	20.5638	21.6736	22.7711
Meter Reader	23.5311	23.6276	23.8809
Meter Reader*	20.5638	21.6736	22.7711
Plant/Service Combination	26.1020	26.4809	26.7373
Regulation Tech II	27.4028	27.7525	28.1024
Regulator Inspector A	26.2690	26.6309	26.9082
Regulator Inspector AA	27.3185	27.6923	28.0180
Street Service A	25.0264	25.1712	25.4729
Street Service B	23.5311	23.6276	23.8809
Street Service C	22.8798	23.0848	23.2054
Truck Driver	23.5311	23.6276	23.8809
Truck Driver Heavy	24.3513	24.4598	24.7734
Utility Representative	22.8795	23.0848	23.2055
Warehouseman	23.5431	23.6395	23.8809
Welder A	25.0749	25.3403	25.6780
Welder AA	26.1967	26.5705	26.8359
Welder AAA	27.4028	27.7647	28.1024
Welder B	24.3512	24.4656	24.7733
Utility A***	21.7941	21.9268	22.1439
Utility A****	17.7869	17.9195	18.1365
Utility B***	20.4071	20.5397	20.6363
Utility B****	16.7311	16.8638	16.9603

* Rates to be paid to employees entering Meter Reader classification after 12/1/84

**Utility B is automatically promoted to Utility A upon completion of one year's service with the Company

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 3

Descr	December 1, 2008 Rates		
	Beginning	6 Month	Max
Building Maint Oper	25.9816	26.2550	26.6028
Construct-Regulator Oper	27.1371	27.5221	27.7955
Customer Service A	25.9816	26.2550	26.6028
Customer Service B	25.2363	25.3481	25.6711
Customer Service Sr	28.3794	28.7396	29.1000
Dispatcher A	25.3977	25.4971	25.8326
Dispatcher B	24.3915	24.4909	24.7518
General Utility A	27.1371	27.5221	27.7955
General Utility B	25.2363	25.3481	25.6711
Heavy Equip Operator	25.9816	26.2550	26.6028
Inspector A	25.2363	25.3481	25.6711
Inspector B	24.3915	24.4909	24.7518
Measure Regulat Inspect A	27.2861	27.6589	27.9446
Measure Regulat Inspect B	25.2363	25.3481	25.6711
Measurement & Reg Tech II	28.3794	28.7396	29.1000
Meter Reader	21.3352	22.4783	23.6087
Meter Reader	24.3915	24.4909	24.7518
Meter Reader*	21.3352	22.4783	23.6087
Plant/Service Combination	27.0396	27.4298	27.6939
Regulation Tech II	28.3794	28.7396	29.1000
Regulator Inspector A	27.2116	27.5843	27.8699
Regulator Inspector AA	28.2926	28.6776	29.0130
Street Service A	25.9317	26.0808	26.3916
Street Service B	24.3915	24.4909	24.7518
Street Service C	23.7207	23.9318	24.0561
Truck Driver	24.3915	24.4909	24.7518
Truck Driver Heavy	25.2363	25.3481	25.6711
Utility Representative	23.7204	23.9318	24.0562
Warehouseman	24.4039	24.5032	24.7518
Welder A	25.9816	26.2550	26.6028
Welder AA	27.1371	27.5221	27.7955
Welder AAA	28.3794	28.7521	29.1000
Welder B	25.2362	25.3541	25.671
Utility A***	22.6024	22.7391	22.9627
Utility A****	18.475	18.6116	18.8351
Utility B***	21.1738	21.3104	21.4099
Utility B****	17.3875	17.5242	17.6236

* Rates to be paid to employees entering Meter Reader classification after 12/1/84

**Utility B is automatically promoted to Utility A upon completion of one year's service with the Company

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 4

December 1, 2009 Rates

Descr	Beginning	6 Month	Max
Building Maint Oper	27.0462	27.3292	27.6891
Construct-Regulator Oper	28.2421	28.6406	28.9236
Customer Service A	27.0462	27.3292	27.6891
Customer Service B	26.2748	26.3905	26.7248
Customer Service Sr	29.5279	29.9007	30.2738
Dispatcher A	26.4419	26.5447	26.8920
Dispatcher B	25.4005	25.5033	25.7734
General Utility A	28.2421	28.6406	28.9236
General Utility B	26.2748	26.3905	26.7248
Heavy Equip Operator	27.0462	27.3292	27.6891
Inspector A	26.2748	26.3905	26.7248
Inspector B	25.4005	25.5033	25.7734
Measure Regulat Inspect A	28.3964	28.7822	29.0779
Measure Regulat Inspect B	26.2748	26.3905	26.7248
Measurement & Reg Tech II	29.5279	29.9007	30.2738
Meter Reader	22.2372	23.4203	24.5903
Meter Reader	25.4005	25.5033	25.7734
Meter Reader*	22.2372	23.4203	24.5903
Plant/Service Combination	28.1412	28.5451	28.8184
Regulation Tech II	29.5279	29.9007	30.2738
Regulator Inspector A	28.3193	28.7050	29.0006
Regulator Inspector AA	29.4381	29.8366	30.1837
Street Service A	26.9946	27.1489	27.4706
Street Service B	25.4005	25.5033	25.7734
Street Service C	24.7062	24.9247	25.0533
Truck Driver	25.4005	25.5033	25.7734
Truck Driver Heavy	26.2748	26.3905	26.7248
Utility Representative	24.7059	24.9247	25.0534
Warehouseman	25.4133	25.5161	25.7734
Welder A	27.0462	27.3292	27.6891
Welder AA	28.2421	28.6406	28.9236
Welder AAA	29.5279	29.9137	30.2738
Welder B	26.2747	26.3967	26.7247
Utility A***	23.5487	23.6902	23.9216
Utility A****	19.2769	19.4183	19.6496
Utility B***	22.0701	22.2115	22.3145
Utility B****	18.1513	18.2928	18.3957

* Rates to be paid to employees entering Meter Reader classification after 12/1/84

**Utility B is automatically promoted to Utility A upon completion of one year's service with the Company

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

SCHEDULE 5

December 1, 2010 Rates

Descr	Beginning	6 Month	Max
Building Maint Oper	28.0121	28.3036	28.6743
Construct-Regulator Oper	29.2439	29.6543	29.9458
Customer Service A	28.0121	28.3036	28.6743
Customer Service B	27.2175	27.3367	27.6810
Customer Service Sr	30.5682	30.9522	31.3365
Dispatcher A	27.3897	27.4955	27.8533
Dispatcher B	26.3170	26.4229	26.7011
General Utility A	29.2439	29.6543	29.9458
General Utility B	27.2175	27.3367	27.6810
Heavy Equip Operator	28.0121	28.3036	28.6743
Inspector A	27.2175	27.3367	27.6810
Inspector B	26.3170	26.4229	26.7011
Measure Regulat Inspect A	29.4028	29.8002	30.1047
Measure Regulat Inspect B	27.2175	27.3367	27.6810
Measurement & Reg Tech II	30.5682	30.9522	31.3365
Meter Reader	23.0588	24.2774	25.4825
Meter Reader	26.3170	26.4229	26.7011
Meter Reader*	23.0588	24.2774	25.4825
Plant/Service Combination	29.1399	29.5560	29.8375
Regulation Tech II	30.5682	30.9522	31.3365
Regulator Inspector A	29.3234	29.7207	30.0251
Regulator Inspector AA	30.4757	30.8862	31.2437
Street Service A	27.9589	28.1179	28.4492
Street Service B	26.3170	26.4229	26.7011
Street Service C	25.6019	25.8269	25.9594
Truck Driver	26.3170	26.4229	26.7011
Truck Driver Heavy	27.2175	27.3367	27.6810
Utility Representative	25.6016	25.8269	25.9595
Warehouseman	26.3302	26.4361	26.7011
Welder A	28.0121	28.3036	28.6743
Welder AA	29.2439	29.6543	29.9458
Welder AAA	30.5682	30.9656	31.3365
Welder B	27.2174	27.3431	27.6809
Utility A***	24.4097	24.5554	24.7937
Utility A****	20.0097	20.1553	20.3936
Utility B***	22.8867	23.0323	23.1384
Utility B****	18.8503	18.9961	19.1021

* Rates to be paid to employees entering Meter Reader classification after 12/1/84

**Utility B is automatically promoted to Utility A upon completion of one year's service with the Company

*** Rates of UB & UA hired prior to 3/1/07

**** Rates of UB & UA hired after 3/1/07

PSC DR 01-038
Attachment B
Respondent: S. M. Katko

ADDENDUM B

The term "shift" within the meaning of this Agreement applies to operations wherein there is a change of one set of employees, that is, one or more employees, for another in order to maintain operations on a continuous or nearly continuous basis for at least three (3) or more consecutive days. A shift worker is an employee assigned to a shift for the above-stated purpose.

The term "day shift" means that shift worked during the daytime, normally beginning at 8:00 A.M., and ending at 4:00 P.M. The term "evening shift" refers to the shift immediately following the day shift, normally beginning at 4:00 P.M., and ending at midnight. The term "morning shift" refers to the shift immediately preceding the day shift, normally beginning at midnight and ending at 8:00 A.M.

There shall be paid a shift premium of differential to shift workers working on shifts other than the day shift as follows:

Effective December 1, 2006:

Evening Shift	\$1.40 per hour
Morning Shift	\$1.65 per hour

Effective December 1, 2007:

Evening Shift	\$1.45 per hour
Morning Shift	\$1.70 per hour

Effective December 1, 2008

Evening Shift	\$1.50 per hour
Morning Shift	\$1.75 per hour

Effective December 1, 2009

Evening Shift	\$1.55 per hour
Morning Shift	\$1.80 per hour

Effective December 1, 2010

Evening Shift	\$1.60 per hour
Morning Shift	\$1.85 per hour

ADDENDUM C

Employees in a compressor station and an extraction plant shall receive 10¢ per hour over and above their classified rate of pay at any time while actively and actually engaged in cleaning fire-tube or water-tube steam boilers of the types certified in 1960 by the Company's insurance carrier.

When an employee is assigned to perform scuba diving duties, he shall be paid at the following rate:

Effective December 1, 1999	\$30.00 per hour
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These rates will not be applicable during periods of training and/or practice sessions.

When an employee operates a heavy-duty, rubber-tired, tractor-type mower on pipeline rights of way, said employee will receive the beginning rate to Pipeliner.

A Communication Repairman-B will receive the Communication Repairman-A's 12-month rate of pay while performing maintenance and repair work while on the tower.

ADDENDUM D

Non-Destructive Testing

Employees qualified to perform non-destructive testing procedures utilizing Magnaflux or Dye penetrant will be upgraded to 12-month rate Repairman when performing such duties.

Employees qualified to perform non-destructive testing procedures utilizing Ultrasonic will be upgraded to the 12-month rate of Operator B when performing such duties.

**COLUMBIA GAS TRANSMISSION CORPORATION
COLUMBIA GAS OF KENTUCKY, INC.
COLUMBIA GAS OF OHIO, INC.
AND
UNITED STEELWORKERS
INTERNATIONAL UNION LOCALS 372 AND 628**

LETTER OF AGREEMENT

It is understood that the following will be applicable during the term of the present labor agreement executed December 1, 2006. Upon expiration of said agreement, the following are terminated:

1. Requests for Transfer and Bargaining Unit Wide Job Postings

The Company agrees to send the Union copies of all Requests for Transfer and all bargaining unit wide notices on Job Posting and Bidding that apply to Local 372 and 628.

2. Censure Reports

As a policy, censure reports are reviewed periodically by each supervisor to determine if the censure is still applicable to its original intent. Those not pertinent are destroyed.

To assure each employee concerned that the above procedure is followed, the Company will, beginning January 1, 1995, request each supervisor to review all censures on file and destroy those no longer deemed relevant. Censures still deemed material will be reviewed annually and treated as stated above. Affected employees will be notified when their censure is destroyed.

3. Utility Classification Vacancy Notices

Although Article XXV (Job Posting and Bidding) of the Agreement does not require the posting of a permanent Utility vacancy, the Company will give notice of available Utility job vacancies within the Operating Area in which the vacancy exists to insure that all employees are aware of these openings and can make their interests known and are given equal opportunity for advancement.

4. The Arbitration Opinion and Award issued by Marlin M. Volz in Grievance No. 12-74 on June 7, 1977, will be controlling on the parties insofar as the proper interpretation of the requirements of Article XVIII, Section 8.

While reference must be made to the full Arbitration Opinion, including the Award, for purposes of adhering to the determination of Mr. Volz for future disputes under Article XVIII, Section 8, the parties agree to the following:

Employee will be afforded opportunity to work overtime equal to the hours and rate of pay

for which the employee was incorrectly deprived after the employee has selected three (3) dates within a one-week period for each eight (8) hours of remedial overtime.

5. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc. - Meter Reader Reimbursement for Personal Mileage

Effective December 1, 1997, the Company agrees to the following method of reimbursement for Meter Readers who are required to use their personal cars on Company Meter Reading assignments:

- A. For assignments that begin one-half mile or less from the Meter Reading reporting location, no allowance will be paid.
- B. For assignments that begin over one-half mile from the reporting location, \$4.73, per day will be paid plus an allowance equal to the Internal Revenue Service rate applicable for the period for mileage in excess of 15 miles.

NOTE: Mileage will be determined on the basis of miles driven from the reporting point to the start of the Meter Reading assignment, and for one trip through the Meter Reading book back to the reporting point.

6. Utility Progressions

A. Columbia Gas Transmission Corporation

Those qualified employees having twenty-four (24) months of service in the Utility classification will be upgraded to the beginning rate of the Roustabout-B/Pipeliner B classification. Those eligible and qualified employees in the Pipeliner B classification will be upgraded to the beginning rate of the Pipeliner classification after 12 months.

B. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc.

Those qualified employees having twenty-four (24) months of service in the Utility classification will be upgraded to the beginning rate of the Street Service-C classification. Those qualified employees having twenty-four (24) months of service in the Street Service-C classification will be upgraded to the beginning rate of the Street Service A classification.

NOTE: Those individuals in progression for Roustabout-B or Street Service-C classifications are not eligible to bid on any posted Roustabout-B or Street Service-C or B vacancy.

C. It is agreed for new hires after March 1, 2007, the progression will be as follows:

Utility B	12 Months
Utility A	12 Months
Roustabout B/Pipeliner B	12 Months
Street Service C	
Pipeliner	12 Months

In the future, in lieu of not having completed 24 months in the Utility classification, when transferring to a Utility position, employees will go to the beginning rate of

Roustabout B/Pipeliner B/Street Service C classification and will remain at the beginning rate until the 24 months of Utility Progression has been completed.

7. Notwithstanding the provisions of the Labor Agreement, it is understood by the parties to this Agreement that an employee in Columbia Gas Transmission Corporation, having twenty-four (24) months or more in the Utility progression will, when transferring to Columbia Gas of Kentucky, Inc., or Columbia Gas of Ohio, Inc., if qualified, progress to the minimum rate of Street Service-C in twelve (12) months.

8. Article XVIII, Section 2 - Sunday Premium for Shift Workers

Although Section 2 of Article XVIII does not require the payment of the Sunday Premium (double time) to shift workers, the Parties agree that the Sunday Premium would be applicable to shift workers under the following:

- A. Double time will now be paid to non-scheduled shift workers who are called out to work on Sunday. In addition to the Sunday Premium, the employees will also receive the applicable shift differential.
- B. A shift worker required to work a double shift on Sunday will be (1) paid his regular rate and the applicable shift differential while working his regularly scheduled shift, and (2) will be paid double time plus the applicable shift differential while working on the second shift on Sunday. [(2) modifies Section 6 of Article XVIII only to the extent of the rate of pay to be paid on the double shift on Sunday.]
- C. A shift worker scheduled to work on Sunday will receive his regular rate of pay and the applicable shift differential. To further clarify the Parties' interpretation of the above, if any employee's scheduled shift or his regular day off is changed any time prior to a Sunday, the Section 5 of Article XVIII is applicable and not Section 2, since the employee would have received prior notice and have been scheduled to work on that Sunday. If an employee's scheduled shift or his regular day off is changed on a Sunday, then the employee would receive the appropriate compensation from either Section 2 or from Section 5 of Article XVIII, whichever is the higher, but not both. Of course, any other condition or qualification contained in Sections 2 and 5 must be considered in determining the appropriate rate of compensation.

9. USW-COPE Checkoff

The Company agrees to deduct from the wages of those employees who are members of the Union and who voluntarily authorize such deductions on forms provided by the Union, the amount specified as the employees' contributions to the United Steelworkers INTERNATIONAL UNION Committee on Political Education Fund (USW-COPE).

The Company also agrees to transmit said payroll deductions immediately to the Financial Secretary of Local 628 or to the Secretary-Treasurer of Local 372, whichever is applicable, together with a list of the names of employees for whom the deductions have been made and the amount deducted for each such employee.

The amount and timing of such payroll deductions and the transmittal of such voluntary contributions shall be as specified in such forms and in conformance with any applicable state or federal statute.

The Union agrees to reimburse the Company for the full costs incurred in making the USW-COPE payroll deductions, which costs will be deducted from employee contributions before transmittal to the Secretary-Treasurer of Local 372 or to the Financial Secretary of Local 628.

The signing of such USW-COPE checkoff form and the making of such voluntary annual contributions are not conditions of membership in the Union or of employment with the Company.

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits, or other form of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions of this Agreement.

10. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc. - Service Work Training Requirement

All classifications that require Service Work (Customer Service B and General Utility A) in the job description for the classification will be required to successfully complete the Customer Service training program. One year following completion of the Customer Service training program the employee will be given a mandatory skills review qualification test. A grade of 80% must be achieved on the skills review qualification test to pass the qualification test.

In the event that an employee fails the required test, he will be given the opportunity to remain in his classification for an additional six (6) months, at which time he will be given another test.

If an employee fails the second test, then he will be placed in a job, if available, for which he is qualified and able to perform.

Employees that hold classifications that do not require Service Work in their job description but voluntarily accept Customer Service training when available, will be required to take a skills review qualification test one (1) year following completion of the Customer Service training. A grade of 80% must be achieved on the skills review qualification test to pass the qualification test.

In the event that an employee fails the required test, he will be given the opportunity to take a second test six (6) months following the date of the first test.

An employee that has voluntarily taken service training that fails the second test will no longer be qualified to perform service work.

An employee that has voluntarily taken service training that has successfully completed the training and has passed the skills review qualification will receive upgrade pay when applicable at the appropriate Customer Service A rate when performing service work.

CLASSIFICATIONS

Customer Service-B

This will be the entry level job for new Customer Service employees; the employees will be required to remain in this classification until they have successfully completed all the requirements of the Service Training Program and the mandatory skills review qualification test.

Current Customer Service-C employees with two (2) or more years of service may progress to the Customer Service-A classification by requesting and passing the test. If the current employees do not pass the test, or choose not to take the test, then they will remain Customer Service-B's for as long as they are in the Service Department or until they pass the test.

Customer Service-A

This classification provides for progression of an employee who has successfully completed the Customer Service Training program and passed the skills review qualification test. An employee serving in this classification for a period of five (5) years may then request to be tested for progression to the Customer Service Senior classification. This test is voluntary.

If an employee elects to take the test, and he fails, then he may not take the test for a period of one (1) year.

Current Customer Service-B employees with five (5) or more years of service may progress to the Customer Service-Senior classification by requesting and passing the test.

Customer Service-Senior

This classification provides for progression of Customer Service-A employees who have satisfactorily performed the duties of Customer Service-A for a period of five (5) years or more and who have passed the qualification requirements for progression to this classification.

GENERAL INFORMATION

1. The wage structure for the three (3) classifications remain the same as the current wage structure.
2. Current employees in the Service Department are "grandfathered." They will not be required to progress to the Customer Service-A classification or Customer Service-Senior classification. Additionally, should a current employee elect to take the qualification test and fail, he may remain in his classification. However, the applicable time periods mentioned with regard to retesting will be followed.
3. The guidelines below regarding the Service Department qualification tests for progression are to be followed in order to establish uniformity and consistency within the program. These guidelines have been developed in response to questions concerning present Service Department employees in the entry-level classifications, and new Service Department employees who may have had previous experience as Servicemen.

- A. Present Servicemen in the entry-level classifications who have seven or more years' experience in those classifications may request to take a qualification test for either the new Customer Service-A or Senior classification.
- (1) If the employee requests to take the test for Customer Service-Senior and he passes, then he will be classified as a Customer Service Senior.
 - (2) If the employee fails the Senior test, then he may take the test for Customer Service-A. If he passes the Customer Service-A test, then he will be classified as a Customer Service-A. He will then be required to complete five years of service within that classification before he may take the senior test.
 - (3) If the employee fails the A classification test, then he must wait six months before he can be retested. If he fails the test a second time, then he must wait one year before he will be retested.
- B. New Service Department employees who have two or more years' previous experience in the Service Department may request to take the test for progression to Customer Service-A only. If he passes the A test, then he will be classified as a Customer Service-A. He will then be required to complete five years of service within that classification before he may take the Senior test. If the employee fails the A classification test, then he must complete two years of service in the Customer Service-B classification before he can take the A test. At this point, the procedures outlined in the original program become effective.

8. Service Department job postings in the future will be as follows:

"Customer Service-B - Customer Service-A"

11. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc., Work Schedules:

A. Flexible Work Hour Schedule

The Company will offer a limited number of four (4) ten hour work day schedules. These schedules will be Monday through Thursday or Tuesday through Friday schedules. During such a ten (10) hour schedule premium pay and shift differential, if applicable, will begin after ten (10) hours of work on a scheduled ten (10) hour day and for any time worked in excess of 40 hours in one week. If an employee is scheduled to work on any day of rest except for Sunday, he/she will be paid at the rate of time and one half. All work performed on Sunday shall be paid for at the rate of double time unless it is part of the employee's normal work schedule.

The four (4) ten (10) hour schedules will be offered on a voluntary basis and either party can opt out of this schedule with a two week notice to the opposite party. If there are more employees who volunteer for the four (4) ten (10) hour

schedules than available schedules, the Company will staff the schedules by work location on a qualified senior basis.

Sick Leave, Vacation, Personal Holidays

An employee who misses work due to illness, vacation or personal holiday, will be charged for all hours of scheduled work missed (i.e., ten (10) hours of short-term disability for one (1) ten (10) hour day of absence).

Company Holidays

If the holiday falls on a day off - Employee will be given a day off in lieu of the holiday during the same week the holiday occurs. Eight (8) hours will be charged to holiday. The employee can work two extra hours during that week, but such two hours will be at straight pay. The two extra hours to be determined by the Company, (or use personal holiday or vacation to make up the two hours or as an alternative, an employee may revert to a standard eight (8) hour day, for a five (5) consecutive day work week at any time with approval of his/her immediate supervisor).

If the holiday falls on a regularly scheduled day of work - Employee is charged with eight (8) hours of holiday and will make up the two hours needed during that work week at straight time pay. The two extra hours to be determined by the Company, (or use personal or vacation to make up the two hours, or as an alternative, an employee may revert to a standard eight (8) hour day, for a five (5) day work week at any time with approval of his/her immediate supervisor). If two holidays occur in any one week, the employee's regular work schedule will revert to a standard eight (8) hour day for a five (5) consecutive day work week.

Overtime/Meals

The employee working this shift must work in excess of 16 consecutive hours to qualify for double time pay. Employees working a ten (10) hour schedule will not be eligible for an overtime meal until after twelve (12) hours of work and at intervals of four hours subsequent thereto.

B. Shift Differential Payments

Notwithstanding the language in Addendum B relating to the definition of a shift worker, if the majority of a Columbia Gas of Kentucky or Columbia Gas of Ohio employee's regularly assigned eight (8) hour schedule is before 7:00 a.m. or after 5:00 p.m., then the employee will be paid the appropriate shift differential for their entire eight (8) hour schedule. If the majority of the regularly assigned eight (8) hour schedule occurs between 7:00 a.m. and 5:00 p.m., then the appropriate shift premium will only apply to hours worked before 7:00 a.m. or after 5:00 p.m.

The Company will not pay both shift differential and premium rates of pay, as determined by Article XVIII, to those employees whose regular eight (8) hour work schedule is between 7:00 a.m. and 5:00 p.m.

C. Sunday Work

This language applies to employees who are regularly scheduled to work on Sunday as part of their normal 40 hour work week. Such employees will be exempted from Article XVIII, Section 2 regarding double time for work performed

on Sunday (the same as shift workers who work on Sunday). However, if an employee is required to work on the sixth (6th) day in any seven (7) day period, he/she will be paid at the rate of time and one half. If an employee is required to work on the seventh (7th) day in any seven (7) day period, he/she will be paid at a rate of two times his/her regular rate, provided, however, that such premium payments shall be credited against any weekly overtime which may accrue.

12. Seniority - Article VII

In order to clarify the seniority status of an employee who (a) transfers from a work location not covered by the Agreement to a position covered by the Agreement or (b) was once in the bargaining unit and transfers out (for any reason) and then returns to a position covered by the Agreement will be treated as follows:

It is the position of the Union that all employees initially entering or re-entering the bargaining unit do so as a new employee and are subject to all the provisions of the Agreement, provided however, if an employee who is covered by the Agreement is declared "surplus" (see Article XXV, Section 2) and accepts a position with a Columbia company at a work location not covered by the Agreement, such employee will no longer accumulate, but will retain, the seniority he achieved while in the bargaining unit, IF the employee returns to a position covered by the Agreement on the first opportunity given to him. No regular employee shall be demoted when an employee returns to the bargaining unit under this provision.

13. Upgrading

In recognition of the Company's need to maintain efficient operations and achieve a diversified skilled workforce, when upgrading is required, within the Basic Seniority Unit, consideration will be given to the available qualified Senior employee at the work location involved.

It is understood that the above is not applicable to any other provisions of the Agreement.

14. Automatic Progressions

Individuals in the Automation & Electrical Mechanic-B (A&E) classification will progress to Automation & Electrical Mechanic-A classification upon becoming fully qualified to perform all the duties of the Automation & Electrical-A classification. The initial postings will be for Automation & Electrical Mechanic-B position and then a progression to the Automation & Electrical Mechanic A-position.

Individuals in the Welder classifications will progress to the next level in the Welder family upon successful completion of the appropriate Welder certification testing process.

Individuals in the District Instrument Mechanic (DIM) classification will progress to the next level in the DIM family upon becoming fully qualified to perform all the duties in the next level classification and met the minimum time requirements. The initial postings will be for the DIM-C position.

DIM C to DIM B minimum of 6 months, no more than 18 months

DIM B to DIM A minimum of 12 months

DIM A to DIM AA minimum of 6 months

The Company and the Union agree that on a one-time basis the employees presently in the DIM A classification can voluntarily elect to enter the DIM AA upon ratification of the agreement. The Company and the Union further agree that employees electing not to participate in the new progression may remain in their current classification. These employees will continue to have upgrade opportunities according to the terms set forth in the collective bargaining agreement.

For CKY/COH future Inspector jobs will be posted as Inspector B and will progress to beginning rate of Inspector A after 24 months. Employees not classified as Inspector will be upgraded to beginning rate of Inspector B classification (or paid at their current classification if the rate is higher than Inspector B) when performing leak inspection work.

15. DIM Training Program

- A. Interested employees will be selected based on results of a scored basic aptitude evaluation consisting of reading comprehension, high school level math and mechanical aptitude.
- B. Based upon the results of the initial evaluation, stated above in Step 1, senior qualified employees will be selected to attend and introductory school.
- C. DIM-C positions will be posted and filled with the senior qualified employees who receive successful evaluation upon completion of the introductory school.
- D. Employees selected to fill the DIM-C position will begin working with higher level DIM's and continue to undergo on the job training, formal classroom and/or self-study training.
- E. DIM-C will be expected to undergo evaluation of the DIM-B level at not less than six (6) months and not more than twelve (12) months. One re-evaluation at six (6) months from the date of the first evaluation will be offered to employees who were not successful on the first evaluation. At no time will anyone be allowed to stay in the "C" class longer than eighteen (18) months.
- F. Employees successfully completing the DIM-B level evaluation will be reclassified as DIM-B. An employee who is unsuccessful in completing the DIM-B level evaluation will be reclassified and reassigned as provided for in the labor agreement.
- G. DIM-B's will continue classroom and on the job training to prepare for qualification as DIM-A.
- H. DIM-A will continue classroom and on the job training to prepare for qualification as DIM-AA.

Evaluation at all levels may include written, oral, demonstrations and review of past performances.

16. Pagers

Issuance of pagers will be on a voluntary basis and the employee with the pager has an obligation to call back when the pager goes off. It is mutually understood by both parties that reasonable cooperation is expected.

Future situations should be resolved under this understanding.

17. Seasonal Work Hours

Seasonal work hours, during Daylight Savings Time, will continue on a voluntary basis by

each work location or region. Each work location or region will be offered the opportunity to decide by a two-thirds vote of that location or region whether to accept a Seasonal Work Hours schedule proposed by the Company.

18. Columbia Gas of Kentucky, Inc., Jurisdictional Areas

It is agreed that following ratification of the collective bargaining agreement, Article XXIII Travel and Expenses, "jurisdictional areas" shall be defined as:

Ashland Operating Area

East Point Operating Area

Winchester Operating Area (including the old Paris/Cynthiana Operating Areas and Richmond)

Maysville Operating Area

Lexington Operating Area (including Georgetown)

Frankfort Operating Area (including Versailles and Midway)

19. Columbia Gas Transmission, Inc., Construction Crew Seniority

Employees in the Construction Crew will only hold Basic Seniority Unit seniority either in the St. Albans Pipelines Basic Seniority Unit or in the Clendenin Pipelines Basic Seniority Unit. Any job posting for a position within the Construction Crew will first be posted in the St. Albans Pipelines and Clendenin Pipelines Basic Seniority Units as a Basic Seniority Unit posting. The job will be awarded on the basis of the criteria listed in Article VII, Section 3 except Company seniority, rather than Basic Seniority Unit seniority, will control. If there are no qualified bidders for such a posting, the position will be filled in accordance with the remaining provisions of Article XXV. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting, the successful candidate will enter the St. Albans Pipelines Basic Seniority Unit unless that candidate is coming from a position within the Clendenin Pipelines, Clendenin Compressor, Strasburg Pipelines or Strasburg Compressor Basic Seniority Units. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting to a candidate coming from the Clendenin Pipelines Basic Seniority Unit, that candidate will retain his Clendenin Pipelines Basic Seniority Unit seniority. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting to a candidate coming from the Strasburg Pipelines, Strasburg Compressor or Clendenin Compressor Basic Seniority Unit, that candidate will enter the Clendenin Pipelines Basic Seniority Unit.

20. Successorship

This Memorandum of Agreement is entered into between Columbia Gas Transmission Corporation, Columbia Gas of Kentucky, Inc., and Columbia Gas of Ohio, Inc. (hereinafter the "Company") and Paper, Allied-Industrial, Chemical & Energy Workers International Union Locals 372 and 628 (hereinafter the "Union"), this 21st day of September 2002, as a supplement to the Labor Agreement to define how affected members of the bargaining unit will be treated in the event there is a sale of the stock of the Company or a divestiture of substantially all of the assets of the Company.

Further, this Memorandum of Agreement sets forth the principles to establish a new and progressive relationship between the parties. The relationship will establish a positive partnership, embedded in trust, mutual respect, and a common interest in quality workmanship and superior customer service to our customers.

1. This Memorandum of Agreement applies in the event of (1) a sale of the Company's stock,

or (2) a merger, divestiture, sale, transfer, or swap of substantially all of the Company assets that results in the termination of the Company's employment of members of the bargaining unit (hereinafter, a "Covered Transaction").

2. This Memorandum of Agreement shall be binding upon the Company regardless of whether it changes its name, corporate identity, organization, legal status, or management.
3. The Company agrees to make assumption of the Labor Agreement and assumption of this Memorandum of Agreement a condition of any Covered Transaction, and shall provide the Union with copies of those documents that are necessary to demonstrate compliance with this Memorandum of Agreement. The Company agrees to provide the Union notice of a contemplated Covered Transaction a reasonable period of time prior to the closing of any such Covered Transaction.
4. Upon transfer of the assets pursuant to a Covered Transaction, the Company is relieved of obligations and liabilities under the Labor Agreement or otherwise to all affected bargaining unit employees who become employees of the Buyer.
5. During the term of the Labor Agreement, the Union will support and not oppose or in any way support or encourage opposition to the Company's position before regulatory or administrative agencies, in legislatures, or in court regarding any rate proceedings or any Covered Transaction announced, begun, or pending during the term of the Labor Agreement.
6. The Union will support the Company's efforts to obtain approval from any applicable regulatory agency for recovery of its stranded costs and will support the Company's position that the stranded costs it has identified as reasonable in the amount and fully recoverable from customers.
7. This Memorandum of Agreement will terminate on the termination date of the Labor Agreement.

APPROVED

FOR THE COMPANIES:

Jovette Pino

Lori Johnson

Teresa Smith

Dreama Whitmire

FOR THE UNION:

Mike Chapman

Charles V. Armstead

John Knauff

DATE: December 1, 2006

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COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

39. Provide a copy of each group medical insurance policy that Columbia currently maintains.

Response:

Please refer to Attachment A of the response for the current NiSource Medical Plan.

PSC Case No. 2013-00167
Staff Set 1 DR No. 039
Attachment A
Respondent: S.M. Katko
(82 pages)

**NISOURCE CONSOLIDATED
FLEX MEDICAL PLAN**

As Amended and Restated
Effective as of January 1, 2011

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**ARTICLE I
INTRODUCTION**

- 1.01 Purpose of Plan.** Columbia Energy Group established and maintained the Columbia Energy Group Medical Plan to provide group medical benefits for the participants and beneficiaries thereunder. The Columbia Energy Group Medical Plan was broadened to include coverage for the former participants and beneficiaries of other medical plans sponsored by NiSource Inc. (the "Company") or an affiliate, was renamed the NiSource Consolidated Flex Medical Plan, effective as of January 1, 2004, and as of such date, was sponsored and maintained by the Company. The Plan was further amended and restated, effective as of January 1, 2006, January 1, 2008, and January 1, 2010, and was amended thereafter to modify certain lifetime benefit limits, to modify certain provisions relating to the handling of protected health information, and to reflect the merger into the NiSource Post-65 Retiree Medical Plan of certain medical benefit options previously offered under the Plan to provide benefits to retired employees who have attained age 65. This is an amended and restated version of the Plan, effective as of January 1, 2011, that reflects certain statutory, regulatory and plan design changes.
- 1.02 Plan Components.** The Plan has 5 components: HD PPO 1, HD PPO 2, PPO, HMO, and Other Insured Arrangements. Alternatively, an Employee may choose the No Coverage Option.

**ARTICLE II
DEFINITIONS**

The following words and phrases as used in this Plan shall have the following meanings, unless a different meaning is plainly required by the context. A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

- 2.01 "Additional Preventive Health Services"** means those items or services constituting preventive care or screening that are described herein or in a Summary Plan Description as being covered by the Plan, but which do not constitute Recommended Preventive Health Services.
- 2.02 "Adopted Child"** means any child legally adopted by, or placed for adoption with, a Participant.
- 2.03 "Annual Enrollment Period"** means the period selected by the Company each year during which time an Employee or Retiree may select a Coverage Option to be effective for the following Plan Year.
- 2.04 "Category of Coverage"** means each of the coverage choices described in Section 3.03.
- 2.05 "Child"** means a person who is either (1) a naturally born child of a Participant; (2) an Adopted Child; (3) a Stepchild; (4) a Foster Child; (5) a Legal Ward who is dependent upon an Employee or Retiree for at least 50% of his or her financial support and who may be claimed on the Employee or Retiree's Federal income tax return as a dependent; or (6) any person deemed by court order to be a Child for purposes of the Plan.
- 2.06 "Claims Administrator"** means the person, persons or entity appointed by the Plan Administrator to process benefit claims pursuant to Section 20.05.

- 2.07 **“COBRA”** means Public Law 99-272, the Consolidated Omnibus Budget Reconciliation Act of 1985.
- 2.08 **“COBRA Continuation Coverage”** means continuation coverage to the extent required by COBRA.
- 2.09 **“Code”** means the Internal Revenue Code of 1986, as amended from time to time.
- 2.10 **“Committee”** means the NiSource Benefits Committee or its predecessor, the NiSource Inc. and Affiliates Welfare Plan Administrative and Investment Committee.
- 2.11 **“Company”** means NiSource Inc., a Delaware corporation.
- 2.12 **“Co-Insurance”** means the amount of a Covered Expense that remains the responsibility of a Covered Person.
- 2.13 **“Co-Payment”** means a flat dollar amount that a Covered Person must pay before an expense will be covered.
- 2.14 **“Coverage Option”** means an HD PPO Option, a PPO Option, an HMO Option, an Other Insured Arrangement Option or a No Coverage Option; provided, however, the availability of an HMO Option or an Other Insured Arrangement Option may be subject to certain geographic restrictions based upon the residence of the Covered Person and such Option may impose eligibility restrictions in addition to those set forth herein, all as more particularly set forth in the applicable certificates of coverage, group insurance policies and other applicable governing documents with respect to such Option.
- 2.15 **“Covered Employee”** means an individual who is (or was) provided coverage under the Plan by virtue of the performance of services by the individual for an Employer.
- 2.16 **“Covered Expense”** means a service, treatment or supply, the Covered Percentage of which is paid for by the Plan, or which is subject to the applicable Deductible and Co-Insurance.
- 2.17 **“Covered Percentage”** means the percentage of a Covered Expense covered by the Plan.
- 2.18 **“Covered Person”** means an Employee, Retiree or Dependent covered under the Plan, and includes a Qualified Beneficiary covered under the Plan.
- 2.19 **“Covered Person Contribution”** means the contribution required under Section 11.01.
- 2.20 **“Deductible”** has the meaning set forth in Section 10.01.
- 2.21 **“Defined Dollar Subsidy”** means the Company’s contribution toward the cost of coverage for certain Retirees, as described in Sections 4.02 and 4.03.
- 2.22 **“Dependent”** means:
- (a) The lawful spouse of a Participant or of a Post-65 Retiree Plan Participant, if not legally separated, who is also a spouse under the Code and, with respect to the spouse of a Pre-65 Retiree or a Post-65 Retiree, who has not attained age 65;
 - (b) A Child who has not attained 26 years of age;

- (c) An unmarried Child who satisfies the "dependency test" described in this Section 2.21 and who is incapable of self-sustaining employment due to mental or physical disability if: (1) proof of the Child's disability, if requested by the Claims Administrator, is received by the Claims Administrator within 31 days of the date Dependent status would otherwise terminate; (2) the Child is dependent upon the Employee or Retiree for financial support and maintenance; (3) the Employee or Retiree continues to be covered by the Plan or by the Post-65 Retiree Medical Plan; (4) the Child's disability continues; and (5) the Child has not attained age 65; or
- (d) A Child who is recognized under any court order, including a Qualified Medical Child Support Order that is recognized as legally sufficient under ERISA, as having a right to participate in the Plan as a Dependent.

For purposes of this Section 2.21, a Child of a Participant satisfies the "dependency test" for a particular Plan Year if

- (x) the Participant would be allowed a dependent exemption for such Child in computing the Participant's federal taxable income for such Plan Year, or
- (y) each of the following conditions is satisfied: (1) such Child receives over half of his or her support during the Plan Year from his or her parents and is in the custody of one or both parents for more than half of the Plan Year; (2) at least one parent would be allowed a dependent exemption for such Child in computing such parent's federal taxable income for such Plan Year; and (3) the Child's parents are divorced, legally separated under a decree of divorce or separate maintenance, legally separated under a written separation agreement, or live apart at all times for the last six month of the Plan Year.

For purposes of the "dependency test" in clause (x) above, the Child's gross income for such Plan Year may be ignored in determining whether the Participant would be entitled to a dependent exemption for such Child for such Plan Year.

2.23 "Employee" means a regular or temporary employee of an Employer. No independent contractor shall be treated by the Plan Administrator as an Employee during the period he or she renders service as an independent contractor. Any person retroactively or in any other way found to be a common law employee will not be eligible under the Plan for any period during which he or she was not treated as an Employee by the Plan Administrator.

2.24 "Employer" means the Company and any Related Employer that shall ratify and adopt the Plan in a manner satisfactory to, and with the consent of, the Plan Administrator, and any successor that shall maintain the Plan. Employers participating in the Plan shall be listed on Exhibit A (attached hereto for informational purposes only and not formally part of the Plan and provided that failure to list in Exhibit A any Related Employer that has ratified and adopted the Plan with the consent of the Plan Administrator shall not adversely affect the status of such entity as an "Employer" under the Plan). Unless otherwise provided by the Plan Administrator, an Employer participating in the Plan shall automatically cease to participate in the Plan, without need for amendment or modification of Exhibit A, on the date that such entity is no longer considered a Related Employer of the Company. Notwithstanding the foregoing, solely for purposes of this Plan, during the period beginning on the NIFL/Kokomo/NIPSCO Merger Effective Date and ending December 31, 2011, Employees who, as of the day immediately preceding the NIFL/Kokomo/NIPSCO Merger Effective Date, were Employees of NIFL or Kokomo shall continue to be entitled to those benefits, and be subject to those terms, conditions and limitations, that were applicable to such Employees under the Plan as of the day immediately preceding the

NIFL/Kokomo/NIPSCO Merger Effective Date, and shall not be treated as NIPSCO Employees. The Company and any applicable Related Employer may limit or extend the adoption of the Plan to one or more groups of Employees and/or divisions, locations or operations.

- 2.25 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.
- 2.26 **"Exempt Employee"** means an Employee who is not entitled to overtime under the Fair Labor Standards Act, 29 U.S.C. § 201, et seq.
- 2.27 **"Experimental or Investigational"** means services, equipment, supplies, devices, treatments, procedures or drugs that are not Medically Necessary or that are investigational or experimental for the diagnosis or treatment of any Sickness or Injury for which any of such items are prescribed. Experimental or Investigational items include, without limitation, items that (1) are not accepted as standard medical treatment by Physicians practicing the applicable medical specialty; (2) are the subject of scientific or medical research or study to determine the item's effectiveness and safety; (3) have not been granted, at the time services were rendered, any required approval by a federal or state governmental agency, including without limitation, the Federal departments of Health and Human Services and the Food and Drug Administration, or any comparable state governmental agency; (4) have not been approved by the Federal Centers for Medicare and Medicaid Services for reimbursement under Medicare Title XVIII; or (5) are performed subject to the Covered Person's informed consent under a treatment protocol that explains the treatment or procedure as being conducted under a human subject study or experiment.
- 2.28 **"Family"** means a Participant and such Participant's covered Dependents.
- 2.29 **"FMLA"** means the Family and Medical Leave Act of 1993, as amended.
- 2.30 **"Foster Child"** means a child legally placed in a Participant's custody by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction, who is receiving parental care from the Participant, and for whom the Participant is legally responsible to provide medical care.
- 2.31 **"Full-Time Employee"** means an Employee characterized by an Employer as a full-time employee who regularly works 40 or more hours per week or, with respect to a Represented Employee, who regularly works such other period of time that is specified in the collective bargaining agreement covering such Employee as constituting full-time status for purposes of the Plan.
- 2.32 **"Group Health Plan"** means a plan (including a self-insured plan) of, or contributed to by, an employer (including a self-employed person) or employee organization to provide health care (directly or otherwise) to the employees, former employees, the employer, others associated or formerly associated with the employer in a business relationship, or their families.
- 2.33 **"HD PPO 1"** means the HD PPO 1 Option described in Article VI.
- 2.34 **"HD PPO 2"** means the HD PPO 2 Option described in Article VI.
- 2.35 **"HD PPO Option"** means one of the high deductible (HD) PPO Coverage Options described in Article VI.
- 2.36 **"HIPAA"** means the Health Insurance Portability and Accountability Act of 1996, as amended.

- 2.37 **"HMO Option"** means a Coverage Option offered through a health maintenance organization pursuant to Article VIII.
- 2.38 **"Home Health Care Agency"** means a public or private agency or organization that specializes in providing medical care and treatment in the home.
- 2.39 **"Hospital"** means an institution that, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment, and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine, and which continuously provides 24-hour-a-day nursing services by registered graduate nurses. It is not, other than incidentally, a nursing home, or a place for rest or for the aged.
- 2.40 **"Injury"** means bodily injury that is caused by accidental means by an event that is sudden and not foreseen, and is exact as to time and place, which results in damage to a Covered Person's body from an external force or contact.
- 2.41 **"IRO"** means an accredited independent review organization.
- 2.42 **"Kokomo"** means Kokomo Gas & Fuel Company.
- 2.43 **"Legal Ward"** means any Child for whom a Participant is legal guardian, provided that such Child is dependent on a Participant for principal support and maintenance.
- 2.44 **"Maximum Allowable Amount"** means the maximum amount of charges that the Plan will pay for a service, treatment or supply. The determination of the Maximum Allowable Amount shall be made by the Claims Administrator or Plan Administrator in its sole discretion based on criteria agreed upon by the Company and the Claims Administrator or Plan Administrator, as applicable.
- 2.45 **"Medicaid"** means a state program of medical aid for needy persons established under Title XIX of the Social Security Act of 1965, as amended.
- 2.46 **"Medically Necessary"** means a service or supply ordered or prescribed by a Physician that is appropriate for the diagnosis, care, or treatment of a Sickness or Injury. Such service or supply must be (1) as likely to produce a significant outcome as, and no more likely to produce a negative outcome than, any alternative; (2) indicated by the Covered Person's health status to result in information that could affect treatment, if a diagnostic procedure; and (3) no more costly than any alternative.
- 2.47 **"Medically Necessary Leave of Absence"** means, solely for purposes of Section 22.06, a leave of absence from a postsecondary educational institution (including an institution of higher education as defined in section 102 of the Higher Education Act of 1965), or any other change in enrollment at such institution, of a Dependent Child who, immediately before the leave of absence, was covered under the Plan on the basis of being a student at such institution, provided such leave of absence or change in enrollment (a) commences while such Dependent Child is suffering from a serious illness or injury, (b) is Medically Necessary, and (c) causes such Dependent Child to lose student status for purposes of coverage under the Plan.
- 2.48 **"Medicare"** means the program of medical care benefits provided for aged and disabled persons under the Social Security Act of 1965, as amended.
- 2.49 **"Michelle's Law"** means Public Law No. 110-381 (2008), Michelle's Law, as amended.

- 2.50 **“Newborn Child”** means any Child newly born to an Employee and his or her spouse.
- 2.51 **“NIFL”** means Northern Indiana Fuel & Light Company.
- 2.52 **“NIFL/Kokomo/NIPSCO Merger Effective Date”** means the final effective date of the merger of NIFL and Kokomo with and into NIPSCO.
- 2.53 **“NIPSCO”** means Northern Indiana Public Service Company.
- 2.54 **“NIPSCO Represented Retiree”** means a Retiree who is a former NIPSCO Represented Employee.
- 2.55 **“No Coverage Option”** means an Employee’s or a Pre-65 Retiree’s election not to become covered under a Coverage Option.
- 2.56 **“Non-Exempt Employee”** means an employee who is entitled to overtime under the Fair Labor Standards Act, 29 U.S.C. § 201 et seq.
- 2.57 **“Non-Represented”** means a Full-Time or Part-Time Employee or Retiree who is not covered by a collective bargaining agreement between an Employer and a union.
- 2.58 **“Other Insured Arrangement Option”** means any other fully-insured arrangement maintained by the Company.
- 2.59 **“Other Party”** includes, without limitation, any of the following:
- (a) Any party or parties who cause a Sickness or Injury;
 - (b) Any insurer or other indemnifier of the party or parties who caused a Sickness or Injury;
 - (c) Any guarantor of the party or parties who cause a Sickness or Injury;
 - (d) A Covered Person’s insurer;
 - (e) A workers’ compensation insurer; or
 - (f) Any other person, entity, policy or plan that is liable or legally responsible in relation to a Covered Person’s Sickness or Injury.
- 2.60 **“Out-of-Pocket Expense Limitation”** has the meaning set forth in Section 10.04.
- 2.61 **“Part-Time Employee”** means an Employee characterized by an Employer as a part-time employee who regularly works ten or more, but less than 40, hours per week or, with respect to a Represented Employee, who regularly works such other period of time that is specified in the collective bargaining agreement covering such Employee as constituting part-time status for purposes of the Plan.
- 2.62 **“Participant”** means each Employee and Pre-65 Retiree who is a Covered Person.
- 2.63 **“Physician”** means a doctor of medicine or doctor of osteopathy who is legally qualified and licensed without limitation to practice medicine, surgery or obstetrics at the time and place service is rendered. This definition also includes physician’s assistants, certified surgical technologists, and registered nurse midwives, when working directly for a doctor of medicine.

Doctors of dental surgery, doctors of dental medicine, doctors of podiatry or surgical chiropody, optometrists, and chiropractors shall be deemed to be Physicians when acting within the scope of their license for services covered by the Plan. Each registered physical, occupational, respiratory, and speech therapist, psychologist, and social worker licensed under state law when providing a service covered by the Plan shall be deemed to be a Physician.

- 2.64 **"Plan"** means the NiSource Consolidated Flex Medical Plan set forth herein, together with any and all amendments and supplements thereto.
- 2.65 **"Plan Administrator"** means the Committee, and any person or entity to whom the Committee has from time to time delegated authority to carry out the administrative functions of the Plan.
- 2.66 **"Plan Year"** means the calendar year.
- 2.67 **"Post-65 Retiree"** means a Retiree who has attained age 65.
- 2.68 **"Post-65 Retiree Medical Plan"** means the NiSource Post-65 Retiree Medical Plan, together with any and all amendments and supplements thereto, and any and all restatements thereof, from time to time.
- 2.69 **"Post-65 Retiree Plan Participant"** means a Post-65 Retiree who is properly enrolled in the Post-65 Retiree Medical Plan.
- 2.70 **"PPO Option"** means a Coverage Option offered through a preferred provider organization pursuant to Article VII.
- 2.71 **"Pre-65 Retiree"** means a Retiree who has not attained age 65.
- 2.72 **"Pre-Certification Provider"** means the entity retained by the Plan to pre-certify certain inpatient Hospital admissions and other specified procedures.
- 2.73 **"Pregnancy"** means the condition of being pregnant and all conditions and/or complications resulting therefrom.
- 2.74 **"Preventive Health Services"** means Recommended Preventive Health Services or Additional Preventive Health Services.
- 2.75 **"Qualified Beneficiary"** means:
- (a) Any persons who were Covered Persons on the date immediately preceding a Qualifying Event as:
 - (1) An Employee;
 - (2) An Employee's spouse; or
 - (3) A Dependent Child.
 - (b) A Child who is born to or placed for adoption with a Covered Employee who is a Qualified Beneficiary during a period of COBRA Continuation Coverage. The COBRA Continuation Coverage period for such a Qualified Beneficiary shall run from his or her birth or adoption to the end of the COBRA Coverage period for all Qualified Beneficiaries entitled to COBRA coverage as a result of the same Qualifying Event.

- (c) In the case of a Qualifying Event described in subsection 2.76(g), a Retiree who retired on or before the date of substantial elimination of coverage and any other individual who, on the day before such Qualifying Event, is a Covered Person as a spouse, Dependent Child, or surviving spouse.
- 2.76 “Qualifying Event”** means any of the following that results in loss of coverage for a Qualified Beneficiary:
- (a) The Covered Employee’s employment ends (except in the case of gross misconduct);
 - (b) The Covered Employee’s work hours are reduced;
 - (c) The Covered Employee becomes entitled to benefits under Medicare;
 - (d) The Covered Employee’s death;
 - (e) The divorce or legal separation of the Covered Employee from the Covered Employee’s spouse;
 - (f) A Dependent Child is no longer an eligible Dependent; or
 - (g) With respect to a Retiree, a proceeding in a case under Title XI, United States Code, with respect to the Company. In the case of a Qualifying Event described in this subsection 2.76(g), a “loss of coverage” includes a substantial elimination of coverage with respect to a Qualified Beneficiary described in subsection 2.75(c) within one year before or after the date of commencement of the proceeding.
- 2.77 “Recommended Preventive Health Services”** means those items and services described in 29 C.F.R. §2590.715-2713(a), or any successor regulation, but subject to the timing rules of 29 C.F.R. §2590.715-2713(b), or any successor regulation. For the avoidance of doubt, “Recommended Preventive Services” shall not include an item or service specified in a recommendation or guideline described in 29 C.F.R. §2590.715-2713(a)(1) or any successor regulation (a) earlier than the first day of the first Plan Year after the date the recommendation or guideline is issued or (b) after the recommendation or guideline is no longer described therein. The frequency, method, treatment and setting of such items or services shall be subject to reasonable medical management techniques determined by the Plan Administrator or Claims Administrator in their discretion.
- 2.78 “Related Employer”** means (1) any corporation that is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) that includes the Company; (2) any trade or business (whether or not incorporated) that is under common control (as defined in Section 414(c) of the Code) with the Company; and (3) any member of an affiliated service group (as defined in Section 414(m) of the Code) that includes the Company.
- 2.79 “Relative”** means a person who is the spouse, mother, father, sister, brother, Child or in-law of a Participant.
- 2.80 “Represented”** means a Full-Time or Part-Time Employee or a Retiree who is covered by a collective bargaining agreement between an Employer and a union.
- 2.81 “Retiree”** means a former Employee who retired from service with an Employer, in accordance with a plan or procedure adopted by the Employer, after having attained the age of 55 years and

ten years of service. 'Retiree' also means a former Employee who retired from service with an Employer, in accordance with a plan or procedure adopted by the Employer and after ten years of service, but prior to attaining the age of 55 years, and who elects continued coverage under the Plan in lieu of COBRA Continuation Coverage pursuant to a written agreement entered into with an Employer. Notwithstanding the foregoing,

- (a) A person who would otherwise meet the definition of "Retiree" shall not cease to be a Retiree solely because such person is rehired by an Employer to regularly work less than twenty hours per week;
- (b) "Retiree" shall also mean any former Employee who qualifies as a Retiree under the Special Provisions described in Article IV;
- (c) Upon reaching age 65, a Retiree shall be considered a Post-65 Retiree and, subject to the provisions of Section 22.05, shall no longer be eligible for coverage under the Plan;
- (d) A person who would otherwise meet the definition of "Retiree" shall not be ineligible to be a Retiree solely because such person elected to retire from service with an Employer during a strike or lockout; and
- (e) "Retiree" shall not include any of the following:
 - (1) any former Non-Represented Exempt Employee who was hired or re-hired on or after January 1, 2010;
 - (2) any former Employee who was represented by United Steel Workers Local Union No. 12026 (Springfield Clerical/Technical) and who was hired on or after January 1, 2011; or
 - (3) any former Employee who was represented by the International Brotherhood of Electrical Workers Local Union No. 486 (Northampton) and who was hired on or after January 1, 2011.

2.82 "Room and Board Charges" means an institution's charges for room, board and for other necessary institutional services and supplies, which are made regularly at a daily or weekly rate as a condition of occupancy.

2.83 "Semi-Private Rate" means the daily Room and Board Charges that an institution applies to the greatest number of beds in its semi-private rooms containing two or more beds. If the institution has no semi-private rooms, the Semi-Private Rate shall be the daily Room and Board Charges most commonly charged for semi-private rooms with two or more beds by similar institutions in the area. For purposes of this Section, "area" means a city, a county or any greater area necessary to obtain a representative cross-section of similar institutions.

2.84 "Sickness" means an illness causing loss commencing while the Plan is in force for a Covered Person. Sickness shall be deemed to include disability caused or contributed to by Pregnancy, miscarriage, childbirth and recovery therefrom. Sickness shall only mean sickness or disease that requires treatment by a Physician.

2.85 "Special Enrollment Period" means the enrollment periods offered under subsections 3.02(c) and (d).

2.86 “**Status Change**” means any of the following:

- (a) Legal Marital Status. Events that change an Employee’s legal marital status, including marriage, death of spouse, divorce, legal separation, or annulment.
- (b) Number of Dependents. Events that change an Employee’s number of Dependents, including birth, adoption, placement for adoption (as defined in Treasury Regulations under Code Section 9801), or death of a Dependent.
- (c) Employment Status. A termination or commencement of employment, a strike or lockout, a commencement or return from an unpaid leave of absence, or a change in worksite that changes the employment status of an Employee, a spouse or other Dependent, or any other change in the employment status of an Employee, a spouse or other Dependent that makes such individual eligible or ineligible for coverage under the Plan (such as switching from full-time to part-time status or from salaried to hourly-paid).
- (d) Dependent Satisfies or Ceases to Satisfy the Requirements for Dependents. An event that causes a Dependent to satisfy or cease to satisfy the requirements for coverage due to marriage, attainment of age, student status, or any similar circumstance as provided in the Plan.
- (e) Residence. A change in the place of residence of an Employee, a spouse or other Dependent.
- (f) Other Permissible Events. Any other event that the Plan Administrator or a member of the Committee determines to be a permissible Status Change under the Code or any regulation, ruling or release issued thereunder. Such determination shall be (1) consistent with the terms of the Plan; and (2) made in a uniform and non-discriminatory manner.

2.87 “**Stepchild**” means any natural or adopted child of an Employee’s current spouse or a Retiree’s current spouse, and any natural or adopted child of a former spouse of a Participant living in the Participant’s home in a familial relationship if the natural parents of such child are both deceased.

2.88 “**Summary Plan Description**” means the summary plan description for the Plan.

2.89 “**Surgical Procedure**” means cutting, suturing, treating burns, correcting a fracture, reducing a dislocation, manipulating a joint under general anesthesia, electrocauterizing, tapping (paracentesis), applying plaster casts, administering pneumothorax, endoscopy or injecting sclerosing solution.

2.90 “**Urgent Hospitalization**” means a hospitalization that is necessary to address a condition occurring suddenly and unexpectedly and resulting in an urgent need for immediate medical attention because the Covered Person’s life is endangered.

2.91 “**Well Newborn Child**” means a Newborn Child who does not require any unusual services or supplies during his or her initial Hospital confinement.

**ARTICLE III
PARTICIPATION**

3.01 Eligibility. Subject to the specific eligibility restrictions provided for each Coverage Option described in Articles IV through IX, Employees and Pre-65 Retirees shall be eligible to participate in the Plan, and Dependents may be enrolled for coverage under the Plan, as follows:

- (a) Regular Employees. Each regular, Full-Time and Part-Time Employee of an Employer may be covered under the Plan on the first day of his or her active employment, providing he or she properly enrolls for coverage under Section 3.02. For new hires, such Employee must be actively at work on the date coverage is scheduled to begin.
- (b) Temporary Employees. Each eligible Employee characterized by an Employer as a temporary employee may be covered under the Plan.
- (c) Dependents. A Participant's or Post-65 Retiree Plan Participant's eligible Dependent who is properly enrolled for coverage under Section 3.02 shall be covered on the earliest of (1) January 1 after the Annual Enrollment Period in which a Participant or Post-65 Retiree Plan Participant elects to cover such Dependent; (2) with respect to the Dependent of a Participant hired after January 1, the date the Participant's coverage becomes effective; (3) with respect to the Dependent of a Pre-65 Retiree or Post-65 Retiree Plan Participant, the date the Retiree's Retiree coverage becomes effective; (4) the date coverage is provided under the Special Enrollment provisions of subsection 3.02(d); or (5) the date coverage is provided under the Status Change Enrollment provisions of subsection 3.02(e).
- (d) Retirees. A Pre-65 Retiree may be covered under the Plan as of the date of his or her retirement if he or she properly enrolls for coverage under Section 3.02. The Company reserves the right to amend or terminate the provisions for Retiree participation in the Plan in accordance with Article XXVI.
- (e) No Double Coverage. Notwithstanding the foregoing, no person is eligible to be covered as both a Participant and a Dependent, nor may any person be covered as a Dependent of more than one Covered Person.

3.02 Enrollment. Subject to the specific eligibility restrictions provided for each Coverage Option described in Articles IV through IX, Employees, Pre-65 Retirees and Post-65 Retiree Plan Participants (on behalf of their eligible Dependents only) shall be eligible to enroll in the Plan as follows:

- (a) New Hires. Each newly hired Employee who becomes eligible to become covered under subsections 3.01(a) or (b) shall be permitted to enroll such Employee and any Dependents such Employee desires to cover on or before the day the Employee first becomes eligible for coverage. Any enrollment will be effective for the period beginning on the first day of eligibility and ending on the last day of the Plan Year in which such participation begins. If a newly hired Employee fails to properly enroll, he or she shall be covered pursuant to Sections 3.05 and 3.06.
- (b) Retirees. Each Pre-65 Retiree who becomes eligible to become covered under subsections 3.01(d) or (e) shall properly enroll such Pre-65 Retiree and any Dependents such Pre-65 Retiree desires to cover no later than the date of such Pre-65 Retiree's retirement. Such Pre-65 Retiree enrollment shall be effective on the date of the Pre-65

Retiree's retirement. A Pre-65 Retiree who fails to properly enroll pursuant to this subsection shall be covered, and such Pre-65 Retiree's Dependents shall be covered, pursuant to Sections 3.05 and 3.06.

(c) Annual Enrollment Period. An eligible Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only), or Qualified Beneficiary may elect or change any Coverage Option during the Annual Enrollment Period. Such election shall be effective for the period beginning on the first day of the following Plan Year and ending on the last day of such following Plan Year; provided, however, if such Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant or Qualified Beneficiary makes no election or change during the Annual Enrollment Period, such Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant or Qualified Beneficiary shall be deemed to have elected a Coverage Option for the following Plan Year as described in Section 3.05.

(d) Special Enrollment Periods.

(1) *Loss of Coverage.* If an Employee declined Plan participation for himself or herself, or declined coverage for a spouse or Dependent, because he or she or the spouse or Dependent was covered under another Group Health Plan or had other health insurance coverage when the Employee declined coverage, such Employee may apply for coverage and make any necessary Coverage Option change during the Special Enrollment Period provided under this subsection if the Employee, spouse or Dependent loses the other coverage for reasons including, but not limited to:

- (A) Loss of eligibility of coverage (other than failure to pay premiums or termination of coverage for cause);
- (B) Termination of employer contributions under the other plan; or
- (C) Exhaustion of COBRA continuation coverage.

If requested, such Employee must have stated when he or she declined coverage under the Plan that he or she declined coverage because of such other coverage.

The Special Enrollment Period offered pursuant to this subsection shall begin on the date the other coverage was lost and shall expire 31 days thereafter. Accordingly, to become covered under this subsection, the Employee shall properly enroll for coverage within such Special Enrollment Period. If the Employee so properly enrolls, coverage under this subsection shall be effective as of the date such enrollment is approved by the Plan.

(2) *Newly Acquired Dependent.* If an eligible Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant or Qualified Beneficiary acquires a spouse or Dependent as a result of marriage, birth, adoption, or placement for adoption, the Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant or Qualified Beneficiary may apply for coverage for any such spouse or Dependent (and the Employee if not previously covered) and make any necessary Coverage Option change during the Special Enrollment Period provided under this subsection.

The Special Enrollment Period offered pursuant to this subsection shall begin on the date of the marriage, birth, adoption or placement for adoption, and shall

expire 31 days thereafter. Accordingly, to become covered under this subsection, the Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant or Qualified Beneficiary shall properly enroll for coverage within such Special Enrollment Period. If the Employee, Pre-65 Retiree, Post-65 Retiree Plan Participant or Qualified Beneficiary so properly enrolls, coverage under this subsection shall be effective as of the beginning of the Special Enrollment Period.

- (3) *Gain or Loss of Eligibility for Medicaid or State Child Health Plan Coverage.* An eligible Employee who has not enrolled for coverage under the Plan (or who has not enrolled his or her Dependent for coverage under the Plan) may apply for coverage and make any necessary Coverage Option changes during the Special Enrollment Period provided under this subsection if the Employee (or his or her eligible Dependent) either
- (A) Was covered under a Medicaid plan or under a State child health plan under title XXI of the Social Security Act of 1965, as amended, and coverage of the Employee or Dependent under such a plan was terminated as a result of loss of eligibility for such coverage; or
 - (B) Becomes eligible for assistance, with respect to coverage under the Plan, under a Medicaid plan or under a State child health plan under title XXI of the Social Security Act of 1965, as amended, (including under any waiver or demonstration project conducted under or in relation to such a plan).

The Special Enrollment Period offered pursuant to this subsection (d)(3) shall begin on the date coverage under the Medicaid plan or State child health plan was terminated or the date the Employee or Dependent is determined to be eligible for assistance with respect to coverage under the Plan, and shall expire 60 days thereafter. Accordingly, to become covered under this subsection, the Employee shall properly enroll for coverage within such Special Enrollment Period. If the Employee so properly enrolls, coverage under this subsection shall be effective as of the date such enrollment is approved by the Plan.

- (e) Status Change Enrollment. If a Status Change occurs, an Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only) may make a Category of Coverage change during the Status Change Enrollment Period provided under this subsection; provided, however, if required by Section 125 of the Code and the Regulations, rulings and releases issued thereunder, such Category of Coverage change shall be consistent with the Status Change event. A Category of Coverage change is consistent with a Status Change event if, and only if, (1) the Status Change results in an Employee, Pre-65 Retiree or Dependent gaining or losing eligibility for coverage under either the Plan or an accident or health plan of the Dependent's employer; and (2) the Category of Coverage change corresponds with such gain or loss of coverage.

Such Status Change Enrollment Period shall begin on the date of the Status Change event, and shall expire 31 days thereafter. Accordingly, to obtain or modify coverage under this subsection, the Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant shall properly modify his or her enrollment during such Status Change Enrollment Period. Any Category of Coverage change under this subsection shall be effective as of the date it is approved by the Plan.

- (f) Judgment, Decree or Order. An Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant may make a Category of Coverage change upon entry of a court judgment, decree or order resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order defined in Section 609 of ERISA) that requires Plan coverage for a Child.
- (g) Entitlement to Medicare or Medicaid. An Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant may make a Category of Coverage change if a Covered Person becomes enrolled under Medicare Parts A, B or C, or Medicaid, other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines).
- (h) Automatic Cost Change. If the cost of the Plan increases or decreases during a Plan Year, a Participant and a Post-65 Retiree Plan Participant is required to make a corresponding change in his or her payments under the Plan. In such event, on a prospective basis, the Plan Administrator shall automatically effectuate the increase or decrease in the Participant's or Post-65 Retiree Plan Participant's elective Covered Person Contributions.
- (i) Significant Cost Change. An Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant may make a Coverage Option change if the cost of a Coverage Option under the Plan significantly increases or decreases during a Plan Year. Any Coverage Option change must correspond with such increase or decrease in cost. Changes that are permitted include commencing participation in a Coverage Option that significantly decreases in cost, or, in the case of an Coverage Option that significantly increases in cost, revoking an election for that Coverage Option and, in lieu thereof, either receiving on a prospective basis coverage under another Coverage Option providing similar coverage or dropping the Coverage Option if no other Coverage Option providing similar coverage is available.
- (j) Significant Coverage Change. An Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant may make a Coverage Option change:
- (1) If the coverage under a Coverage Option is significantly curtailed during a period of coverage, in which case the Participant or Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only) may revoke his or her election for coverage under such Coverage Option and, in lieu thereof, elect to receive on a prospective basis coverage under another Coverage Option providing similar coverage;
 - (2) If the coverage under a Coverage Option ceases during a period of coverage, in which case the Participant or Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only) may revoke his or her election for coverage under such Coverage Option and, in lieu thereof, elect to receive on a prospective basis coverage under another Coverage Option providing similar coverage, or elect the No Coverage Option if no Coverage Option providing similar coverage is available;
 - (3) If the Plan adds a new benefit or other coverage option or the terms of a benefit offered under the Plan are significantly improved during a period of coverage; or

- (4) On account of and corresponding with a change made under another employer's plan if (i) the other cafeteria plan or qualified benefits plan permits participants to make an election that is consistent with the permitted election change rules under Section 125 of the Code and the regulations issued thereunder, or (ii) the Plan permits Participants and Post-65 Retiree Plan Participants to make an election for a period of coverage that is different from the period of coverage under the other employer's cafeteria plan or qualified benefits plan.

(k) Retirement. An Employee may make a Coverage Option and Category of Coverage change upon retirement.

3.03 Categories of Coverage. The Plan offers the following Categories of Coverage within each Coverage Option:

- (a) Employee- or Retiree-Only;
- (b) Employee or Retiree + Spouse (not available for the HD PPO Options described in Article VI);
- (c) Employee or Retiree + Child (not available for the HD PPO Options described in Article VI);
- (d) Employee or Retiree + Family;
- (e) Spouse-Only (only in case of spouse of a Post-65 Retiree Plan Participant);
- (f) Spouse + Child(ren) (only in case of a Spouse and Child(ren) of a Post-65 Retiree Plan Participant);
- (g) Child(ren)-Only (only in case of Child(ren) of a Post-65 Retiree Plan Participant); and
- (h) No Coverage.

3.04 Opt-Out Credit. An Employee who elects the No Coverage Option under the Plan for himself or herself and his or her Dependents shall receive an Opt-Out Credit (of an amount determined by the Plan Administrator) on a monthly basis (unless otherwise agreed pursuant to an applicable collective bargaining agreement) until he or she ceases to be eligible to participate in the Plan. Notwithstanding anything contained herein to the contrary, (i) a Part-Time Employee shall not be eligible for an Opt-Out Credit; and (iii) an Employee who elects the No Coverage Option under the Plan for himself or herself, but who is covered under the Plan as a Dependent, is not entitled to an Opt-Out Credit.

3.05 Election of a Coverage Option. An Employee may select a Coverage Option as a new hire or during the Annual Enrollment Period, and a Pre-65 Retiree may select a Coverage Option as a new Retiree. Such an Option selection shall remain effective until properly changed during an Annual Enrollment Period or by reason of an event described in subsections 3.02(d)-(k).

(a) If a newly hired Employee or a new Pre-65 Retiree fails to properly enroll for coverage, such Employee or Pre-65 Retiree shall be deemed to have selected the following Coverage Options:

- (1) Represented Employees shall be deemed to have selected the PPO Option.

- (2) Non-Represented Employees shall be deemed to have selected the HD PPO 2 Option.
 - (3) A Pre-65 Retiree shall be deemed to have selected the Coverage Option that was in effect on the date immediately preceding such Pre-65 Retiree's retirement.
 - (4) Notwithstanding the foregoing, Represented Bay State Gas Company Employees who are represented by the International Brotherhood of Electrical Workers Local Union No. 486 shall be deemed to have elected the HMO Option, as more particularly defined by the Plan Administrator.
- (b) If a new Post-65 Retiree Plan Participant fails to properly enroll his or her eligible Dependents for coverage, such Post-65 Retiree Plan Participant shall be deemed to have continued in effect the Coverage Options for his or her eligible Dependents that were in effect on the date immediately preceding the Post-65 Retiree Plan Participant's enrollment in the Post-65 Retiree Medical Plan.
- (c) If an Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents) fails to properly enroll for coverage during the Annual Enrollment Period, such Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant shall be deemed to have selected the following Coverage Options:
- (1) Non-Represented Employees and Retirees who formerly were Non-Represented Employees shall be deemed to have selected the same Coverage Option in place at the beginning of the Annual Enrollment Period. However, if the Company requires affirmative enrollment, Non-Represented Employees and Retirees who formerly were Non-Represented Employees shall be deemed to have selected the HD PPO 1 Option.
 - (2) Represented Employees and Retirees who formerly were Represented Employees shall be deemed to have selected the same Coverage Option in place at the beginning of the Annual Enrollment Period. However, if the Company requires affirmative enrollment, such Represented Employees and Retirees who formerly were Represented Employees shall be deemed to have selected the PPO Option.
 - (3) Notwithstanding the foregoing, Represented Bay State Gas Company Employees who are represented by the International Brotherhood of Electrical Workers Local Union No. 486 shall be deemed to have selected the same Coverage Option in place at the beginning of the Annual Enrollment Period. However, if the Company requires affirmative enrollment, such Employees shall be deemed to have elected the HMO Option, as more particularly defined by the Plan Administrator.

3.06 Election of a Category of Coverage. An Employee, Pre-65 Retiree or Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only) may select or change a Category of Coverage during the enrollment periods set forth in Section 3.02. Any such selection shall remain effective until properly changed by an Employee or Retiree during an Annual Enrollment Period, or by reason of an event described in subsections 3.02(d)-(k). If a new hire fails to properly enroll, such new hire shall be deemed to have selected Employee-Only coverage.

**ARTICLE IV
RETIREE COVERAGE**

4.01 Retirements Prior to February 1, 2004.

- (a) Eligibility. Prior to any such person attaining age 65, a retired Participant, his or her Dependents, and each Dependent of a Post-65 Retiree Plan Participant shall be eligible for coverage under a Coverage Option and a Category of Coverage.
- (b) Enrollment. Retirees who retired prior to February 1, 2004 shall enroll in coverage as follows:
 - (1) A Pre-65 Retiree and a Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only) may make elect a Coverage Option and a Category of Coverage as described in Article III. A Retiree may elect to drop coverage at any time. However, if a Retiree drops coverage, he or she (and his or her Dependents) shall no longer be eligible for coverage under the Plan. In addition, the Dependent of a Post-65 Retiree Plan Participant who drops coverage under the Post-65 Retiree Medical Plan shall no longer be eligible for coverage under the Plan.
 - (2) Upon attaining age 65, a Retiree becomes a Post-65 Retiree and is no longer eligible for coverage under the Plan.
- (c) Contributions. Contributions for Retirees shall be governed by Article XI. If a Retiree returns to work for an Employer and retires a second time on or after February 1, 2004, then the Retiree shall be required to contribute toward the cost of coverage upon his or her second retirement as described in Section 4.02(c).

4.02 Retirements On and After February 1, 2004.

- (a) Eligibility. Prior to any such person attaining age 65, a retired Participant, his or her Dependents, and each Dependent of a Post-65 Retiree Plan Participant shall be eligible for coverage under a Coverage Option and a Category of Coverage.
- (b) Enrollment.
 - (1) A Pre-65 Retiree and a Post-65 Retiree Plan Participant (on behalf of his or her eligible Dependents only) may make elect a Coverage Option and a Category of Coverage as described in Sections 3.02, 3.03, 3.05 and 3.06.
 - (2) Upon attaining age 65, a Retiree becomes a Post-65 Retiree and is no longer eligible for coverage under the Plan.
- (c) Contributions. A Pre-65 Retiree and his or her spouse, if under age 65, or a Post-65 Retiree Plan Participant on behalf of his or her spouse if under age 65, shall receive an annual Defined Dollar Subsidy toward the cost of coverage. The Company reserves the right to modify this contribution amount from time to time. The Pre-65 Retiree or Post-65 Retiree Plan Participant shall remain responsible for the annual cost of coverage to the extent such cost exceeds the Defined Dollar Subsidy equal to the following amount as applicable:

- (1) *Pre-Medicare Defined Dollar Subsidy.* Before the date a Pre-65 Retiree becomes eligible for Medicare coverage, and before the date the spouse, if any, of a Pre-65 Retiree or a Post-65 Retiree Plan Participant becomes eligible for Medicare coverage, the annual Defined Dollar Subsidy shall equal \$170 (\$180, effective November 1, 2011) times Years of Service towards coverage for the Pre-65 Retiree, and \$120 (\$125, effective November 1, 2011) times Years of Service towards coverage for such spouse, if any, of a Pre-65 Retiree or Post-65 Retiree Plan Participant.
- (2) *Years of Service.* For purposes of this Section only, "Years of Service" equals the total number of Years of Service, rounded up to the nearest whole number, earned by the Pre-65 Retiree or Post-65 Retiree Plan Participant for purposes of benefit accrual (including all service prior to a distribution that causes any prior service to be disregarded) under each defined benefit pension plan maintained by the Company or an affiliate in which the former Employee accrued a benefit, as calculated under the terms of each applicable defined benefit pension plan. Notwithstanding the foregoing, for purposes of the Special Provisions Applicable to Certain Outsourced and Severed Employees described in Section 4.04, "Years of Service" for purposes of this Section 4.02 shall mean "Years of Service" as defined in subsection 4.04(d).

4.03 Special Provisions Applicable to 2002 NiSource Organization Restructuring. From August 28, 2002, through December 31, 2002, certain Employees were notified of their involuntary separation under the 2002 NiSource Inc. Organization Restructuring (the "2002 Restructuring"). The purpose of this Section is to specify the special provisions that apply to Employees who were eligible for and elected the Defined Dollar Subsidy for retiree medical coverage offered pursuant to the 2002 Restructuring.

(a) Retiree Medical Benefits Offered in Connection with the 2002 NiSource Inc. Organization Restructuring.

An Employee who:

- (1) Was notified of his or her involuntary separation from an Employer under the 2002 Restructuring between August 28, 2002 and December 31, 2002;
- (2) Elected salary continuation as his or her severance benefit option, and at the end of the salary continuation period, he or she was age 50 to 54 with 10 Years of Service;
- (3) Properly executed the release attached to his or her Severance Agreement in accordance with the procedures set forth in that Severance Agreement, or if appropriate, any subsequently tendered release from the Company or an affiliate thereof; and
- (4) Was eligible for and elected the Defined Dollar Subsidy offered in connection with the 2002 Restructuring,

shall be eligible for retiree medical coverage hereunder, and shall receive an annual Defined Dollar Subsidy toward the cost of such coverage. The Participant shall remain responsible for the annual cost of coverage to the extent such cost exceeds the Defined Dollar Subsidy equal to the applicable amount set forth in subsection 4.03(b) or (c).

- (b) Pre-Medicare Defined Dollar Subsidy. Before the date the former Employee becomes eligible for Medicare coverage, the annual Defined Dollar Subsidy shall equal \$170 (\$180, effective November 1, 2011) times Years of Service towards coverage for the Pre-65 Retiree, and \$120 (\$125, effective November 1, 2011) times Years of Service towards coverage for such spouse, if any, of a Pre-65 Retiree or Post-65 Retiree Plan Participant.
- (c) Years of Service. For purposes of this Section only, "Years of Service" equals the total number of Years of Service, rounded up to the nearest whole number, earned by the Pre-65 Retiree or Post-65 Retiree Plan Participant for purposes of benefit accrual (including all service prior to a distribution that causes any prior service to be disregarded) under each defined benefit pension plan maintained by the Company or an affiliate in which the former Employee accrued a benefit, as calculated under the terms of each applicable defined benefit pension plan.

4.04 Special Provisions Applicable to Certain Outsourced and Severed Employees. Notwithstanding any provision of the Plan to the contrary, any Participant who (i) was notified in writing on June 21, 2005, or any following date up to and including December 31, 2005, that his or her employment was outsourced to International Business Machines Corporation (the "IBM Outsourcing"), (ii) received an initial Severance Letter Agreement dated on June 21, 2005, or any following date up to and including December 31, 2005, from the Company in connection with the IBM Outsourcing, (iii) elected by January 10, 2006 to be part of the termination from service window offered to employees eligible for the NiSource Inc. Executive Severance Policy, or (iv) was otherwise terminated from employment in connection with the 2005/2006 corporate restructuring on or before March 31, 2006, as reflected in his termination letter, shall be considered a Retiree and eligible for retiree medical benefits under Section 4.2 and the remainder of the Plan as follows:

- (a) Each Participant who was age 50 to 54 with at least 10 Years of Service as of his or her termination of employment with the Company and any Related Employer shall be considered a Retiree upon reaching age 55;
- (b) Each Participant who was age 55 or over with 5 to 9 Years of Service as of his or her termination of employment with the Company and any Related Employer shall be considered a Retiree as of the date that such individual would have completed 10 Years of Service had he or she continued to be employed by the Company or a Related Employer but for the IBM Outsourcing or related severance; and
- (c) Each Participant who was age 50 or over with 5 to 9 Years of Service as of his or her termination of employment with the Company and any Related Employer shall be considered a Retiree as of the date that such individual reaches age 55 and would have completed 10 Years of Service had he or she continued to be employed by the Company or a Related Employer but for the IBM Outsourcing or related severance.
- (d) For purposes of this Section 4.04 and Section 4.02, "Years of Service" equals the number of Years of Service earned by a former Employee towards eligibility for an early retirement pension under each defined benefit pension plan maintained by the Company or an affiliate in which the former Employee participated, as calculated under the terms of each applicable defined benefit pension plan; provided, however, that Years of Service shall not include any pension service time added as a result of the IBM Outsourcing or severance in connection with the IBM Outsourcing.

4.05 Special Provisions Applicable to Pre-65 Retirees and Post-65 Retiree Plan Participants of Bay State Gas Company and NIPSCO.

- (a) Eligibility. Notwithstanding any other provision in Article IV, Pre-65 Retirees and Post-65 Retiree Plan Participants (with respect to coverage of eligible Dependents only) of Bay State Gas Company or of NIPSCO who are covered by a collective bargaining agreement shall be eligible for coverage under this Article IV only to the extent provided by their respective collective bargaining agreements.
- (b) Contributions. Notwithstanding any other provision in Article IV, except as set forth in the following sentence, Pre-65 Retirees and Post-65 Retiree Plan Participants (with respect to coverage of eligible Dependents only) of Bay State Gas Company or of NIPSCO who are covered by a collective bargaining agreement shall be required to contribute to coverage under this Article IV as provided by their respective collective bargaining agreements. NIPSCO Represented Retirees who were hired by NIPSCO on or after June 1, 2009, and their spouses, shall be eligible to receive an annual Defined Dollar Subsidy in accordance with Section 4.02(c) above.

**ARTICLE V
RESERVED**

**ARTICLE VI
HD PPO OPTIONS**

- 6.01 Eligibility.** The HD PPO Options shall be available to all Full-Time Employees and Part-Time Employees, and to all Retirees under age 65. Notwithstanding the foregoing the HD PPO Options shall not be available to Employees of Bay State Gas Company who are represented by the International Brotherhood of Electrical Workers Local Union No. 486 (Northampton).
- 6.02 Participating Providers.** The Plan shall make available to each Participant a list of participating providers in the HD PPO Options. Effective January 1, 2012, if a Participant resides outside the HD PPO Option coverage area, he or she shall receive "Out-of-Area" benefits. A Participant shall be deemed to be "Out-of-Area" if he or she does not have a minimum of (1) two primary Physicians within ten miles of his or her residence; and (2) one network Hospital with 30 miles of his or her primary residence. In such circumstances, Physicians and Hospitals located within such 30-mile area shall be considered to be In-Network.
- 6.03 HD PPO Options.** The Plan offers two HD PPO Options. Both HD PPO Options shall cover the same Covered Expenses. The HD PPO Options shall consist of HD PPO 1 and HD PPO 2 as follows:

- (a) Employee- or Retiree-Only.

Options	Annual Deductible	Covered Percentage	Co-Insurance	Out-of-Pocket Expense Limitation
HD PPO 1 In-Network	\$1,500	80%	20%	\$1,500
HD PPO 1 Out-of-Network	\$1,500	60%	40%	\$3,000

Options	Annual Deductible	Covered Percentage	Co-Insurance	Out-of-Pocket Expense Limitation
HD PPO 2 In-Network	\$2,500	80%	20%	\$2,500
HD PPO 2 Out-of-Network	\$2,500	60%	40%	\$5,000

(b) Employee or Retiree + Family.

Options	Annual Deductible	Covered Percentage	Co-Insurance	Out-of-Pocket Expense Limitation
HD PPO 1 In-Network	\$3,000	80%	20%	\$3,000
HD PPO 1 Out-of-Network	\$3,000	60%	40%	\$6,000
HD PPO 2 In-Network	\$5,000	80%	20%	\$5,000
HD PPO 2 Out-of-Network	\$5,000	60%	40%	\$10,000

6.04 Health Savings Accounts. Participants who elect the HD PPO Options shall be eligible to contribute to a health savings account under the NiSource Flexible Benefits Plan. Subject to the terms, conditions and limitations of the NiSource Flexible Benefits Plan, the Company may make a health savings account contribution through the Flexible Benefits Plan on behalf of any Participant who elects coverage under HD PPO 1.

**ARTICLE VII
PPO OPTION**

7.01 Eligibility. The PPO Option shall be available to all Full-Time Employees and Part-Time Employees and to all Retirees under age 65. Notwithstanding the foregoing the PPO Option shall not be available to Employees of Bay State Gas Company who are represented by the International Brotherhood of Electrical Workers Local Union No. 486 (Northampton).

7.02 Participating Providers. The Plan shall make available to each Participant a list of participating providers in the PPO Option. If a Participant resides outside the PPO Option coverage area, he or she shall receive "Out-of-Area" benefits. A Participant shall be deemed to be "Out-of-Area" if he or she does not have a minimum of (1) two primary Physicians within ten miles of his or her residence; and (2) one network Hospital with 30 miles of his or her primary residence. In such circumstances, Physicians and Hospitals located within such 30-mile area shall be considered to be In-Network.

7.03 PPO Option. The Plan offers one PPO Option as follows:

(a) Employee- or Retiree-Only.

Options	Individual Annual Deductible	Covered Percentage	Co-Insurance	Office Visit Cost to Participant	Annual Out-of-Pocket Expense Limitation
PPO In-Network	\$300	80%	20%	\$20 [†]	\$1,000
PPO Out-of-Network	\$600	60%	40%	40%	\$2,000

[†] Office visit Co-Payment does not apply toward any Deductible or Out-of-Pocket Expense Limitation.

(b) Employee or Retiree + Spouse or Child(ren).

Options	Family Annual Deductible	Covered Percentage	Co-Insurance	Office Visit Cost to Participant	Annual Out-of-Pocket Expense Limitation
PPO In-Network	\$600	80%	20%	\$20 [†]	\$2,000
PPO Out-of-Network	\$1,200	60%	40%	40%	\$4,000

[†] Office visit Co-Payment does not apply toward any Deductible or Out-of-Pocket Expense Limitation.

(c) Employee or Retiree + Family.

Options	Family Annual Deductible	Covered Percentage	Co-Insurance	Office Visit Cost to Participant	Annual Out-of-Pocket Expense Limitation
PPO In-Network	\$900	80%	20%	\$20 [†]	\$3,000
PPO Out-of-Network	\$1,800	60%	40%	40%	\$6,000

[†] Office visit Co-Payment does not apply toward any Deductible or Out-of-Pocket Expense Limitation.

7.04 Special Kokomo Provisions. Notwithstanding the provisions of Section 7.03, for the PPO Option, the Annual Deductible, Covered Percentage, Co-Insurance, Office Visit Cost to Participant and Annual Out-of-Pocket Expense Limitation for Represented Employees employed by Kokomo Gas and Fuel Company are as follows:

(a) Employee- or Retiree-Only.

Options	Individual Annual Deductible	Covered Percentage	Co-Insurance	Office Visit Cost to Participant	Annual Out-of-Pocket Expense Limitation
PPO In-Network	\$300	85%	15%	\$15 [†]	\$700
PPO Out-of-Network	\$500	65%	35%	35%	\$1,400

[†] Office visit Co-Payment does not apply toward any Deductible or Out-of-Pocket Expense Limitation.

(b) Employee or Retiree + Spouse or Child(ren).

Options	Family Annual Deductible	Covered Percentage	Co-Insurance	Office Visit Cost to Participant	Annual Out-of-Pocket Expense Limitation
PPO In-Network	\$600	85%	15%	\$15 [†]	\$1,400
PPO Out-of-Network	\$1,000	65%	35%	35%	\$3,200

[†] Office visit Co-Payment does not apply toward any Deductible or Out-of-Pocket Expense Limitation.

(c) Employee or Retiree + Family.

Options	Family Annual Deductible	Covered Percentage	Co-Insurance	Office Visit Cost to Participant	Annual Out-of-Pocket Expense Limitation
PPO In-Network	\$900	85%	15%	\$15 [†]	\$2,100
PPO Out-of-Network	\$1,500	65%	35%	35%	\$4,800

[†] Office visit Co-Payment does not apply toward any Deductible or Out-of-Pocket Expense Limitation.

**ARTICLE VIII
HMO OPTION**

The Plan may make an HMO Option available. The terms and conditions applicable to such Option shall be contained in the certificate of coverage, the group insurance policy, and other applicable governing documents.

**ARTICLE IX
OTHER INSURED ARRANGEMENT OPTION**

The Plan may make an Other Insured Arrangement Option available. The terms and conditions applicable to such Option shall be contained in applicable certificates of coverage, any applicable group insurance policy, and other applicable governing documents.

**ARTICLE X
PARTICIPANT PAYMENTS AND LIMITS**

10.01 Deductible. The Deductible is the amount of Covered Expenses that must be incurred by an individual or Family in a Plan Year before the Plan will pay benefits. Any Covered Expenses applied to the In-Network Deductible shall also apply to the Out-of-Network Deductible, and any Covered Expenses applied to the Out-of-Network Deductible shall also apply to the In-Network Deductible.

(a) PPO Option. Regardless of the Category of Coverage chosen, the Individual Deductibles for the PPO Option apply separately to each Covered Person each Plan Year. The Individual Deductible shall be considered met by the Participant and by all covered Dependents for the Plan Year if the Employee's or Retiree's Family meets the Family Deductible in that year. In determining whether the Family Deductible has been met for a Plan Year, the Individual Deductibles of those Family members who have satisfied the Individual Deductible are added together. If one Covered Person of the Employee's or Retiree's Family meets the Individual Deductible, the annual deductible requirement is considered met for that Covered Person. The applicable Deductibles are set forth in Articles VII and XV. The Plan shall not pay any amount until either (1) a Covered Person incurs Covered Expenses in a Plan Year in excess of the applicable Individual Deductible; or (2) an Employee's or Retiree's Family incurs Covered Expenses in a Plan Year in excess of the applicable Family Deductible. Covered Expenses that were incurred in the last three months of the Plan Year and applied to the individual Deductible and Family Deductible for such Plan Year, shall also apply to satisfying the Deductibles for the following Plan Year.

(b) HD PPO Options. The applicable Deductibles are set forth in Article VI.

(1) If an Employee or Retiree elects the Employee- or Retiree-Only Category of Coverage, no amount is payable under the Plan until the Participant satisfies the annual individual deductible.

(2) If an Employee or Retiree elects the Employee or Retiree + Family Category of Coverage, no amount is payable under the Plan until the Employee and his or her Family satisfy the annual Family deductible.

10.02 Co-Insurance. After Covered Expenses incurred in a calendar year equal the Deductible amount, the Plan will pay the Covered Percentage of Covered Expenses incurred in that calendar year. The Participant shall be responsible for any applicable Co-Insurance. Applicable Covered Percentages and Co-Insurance are set forth herein and, to the extent not set forth herein, are set forth in an applicable Summary Plan Description.

10.03 Co-Payments. A Co-Payment applies to certain Covered Expenses. Applicable Co-Payments are set forth herein and, to the extent not set forth herein, are set forth in an applicable Summary Plan Description.

10.04 Out-of-Pocket Expense Limitation. The out-of-pocket expenses of a Covered Person for Co-Insurance during any Plan Year shall be limited to the amount set forth in Articles VI, VII and XV. Once the applicable Out-of-Pocket Expense Limitation has been reached, 100% of any remaining Covered Expenses for such person or family shall be paid during the balance of that Plan Year. Any out-of-pocket expenses applied to the In-Network Out-of-Pocket Expense Limitation shall also apply to the Out-of-Network Out-of-Pocket Expense Limitation, and any

out-of-pocket expenses applied to the Out-of-Network Out-of-Pocket Expense Limitation shall also apply to the In-Network Out-of-Pocket Expense Limitation.

10.05 Schedule of Co-Payments and Deductibles.

- (a) Co-Payments shall apply to the following Covered Expenses for each arrangement as indicated below if performed In-Network:

Covered Expense	HD PPO 1	HD PPO 2	PPO
Office Visits	N/A	N/A	\$20*
Emergency Room Visits/Urgent Care	N/A	N/A	N/A
Outpatient Physical, Occupational & Speech Therapy	N/A	N/A	\$20
Outpatient Physician Services	N/A	N/A	\$20
Recommended Preventive Health Services	N/A	N/A	N/A
Additional Preventive Health Services	N/A	N/A	N/A
Second Surgical Opinion	N/A	N/A	\$20

*Co-pay does not apply to allergy injections, shots, serums and immunizations when no office visit is billed.

- (b) The applicable Deductible for the HD PPO Options shall apply to all of the Covered Expenses listed below except Preventive Health Services and Hearing Exams during Well Child office visits.

The applicable Deductible for the PPO Option shall apply to the Covered Expenses listed below as indicated.

Covered Expense	PPO Option In-Network	PPO Option Out-of-Network
Inpatient Room and Board	No	Yes
Inpatient Ancillary Services	No	Yes
Urgent Care	No	Yes
Emergency Room (accident)	No	No
Emergency Room (non-accident)	Yes	Yes
Inpatient Physician Services	Yes	Yes
Outpatient Physician Services	No	Yes
Private Duty Nursing	Yes	Yes
Preventive Health Services	No	Yes
Inpatient Surgery	No	Yes
Outpatient Surgery	No	Yes
Second Surgical Opinions	No	Yes
Dental/Oral Surgery	No	Yes
Inpatient Therapy	No	Yes
Outpatient Therapy	No	Yes
Inpatient Radiology	No	Yes
Outpatient Radiology	No	Yes
Inpatient Pathology	No	Yes
Outpatient Pathology	No	Yes
Hospice	Yes	Yes

Covered Expense	PPO Option In-Network	PPO Option Out-of-Network
Skilled Nursing Facility	No	Yes
Pre-Admission Testing	No	Yes
Durable Medical Equipment/Supplies	Yes	Yes
Home IV Infusion	Yes	Yes
Prosthetics/Orthotics	Yes	Yes
Home Health Care	Yes	Yes
Diabetic Education and Supplies	No	Yes
TMJ	Yes	Yes
Hearing Exams	No	Yes
Ambulance	Yes	Yes
Maternity Services	No	Yes
Infertility Diagnosis	No	Yes

10.06 Special Co-Insurance Provisions.

- (a) Preventive Health Services will be covered as follows:
- (1) Covered Expenses for Preventive Health Services under the PPO Option will be paid at 100% of the Maximum Allowable Amount, with no Co-Payment or Deductible, if furnished In-Network. Preventive Health Services furnished Out-of-Network will be subject to a Deductible and Co-Insurance.
 - (2) Covered Expenses for Preventive Health Services under the HD PPO Options will be paid at 100% of the Maximum Allowable Amount with no Co-Payment or Deductible.
- (b) The following Covered Expenses will be paid at 80% of the Maximum Allowable Amount under the PPO Option after the applicable Co-Payment or Deductible is satisfied:
- (1) Durable Medical Equipment and Supplies; and
 - (2) Prosthetics and Orthotics.
- (c) The following Out-of-Network Covered Expenses will be paid at 80% of the Maximum Allowable Amount under the HD PPO Option after the applicable Deductible is satisfied:
- (1) Hospital emergency room care services when care is associated with an accident, a medical emergency or a non-medical emergency; and
 - (2) Ambulance services (local ground or air transportation), when Medically Necessary to transport the Covered Person to the nearest appropriately equipped Hospital that is able to provide Medically Necessary treatment. Covered Expenses include air-ambulance services only if Medically Necessary.

**ARTICLE XI
CONTRIBUTIONS TO THE PLAN**

- 11.01 Employer Contributions.** Except as provided in Article IV and subsection 22.05(f), each Employer will contribute to the cost of the Plan. The amount of the Employer contribution shall be determined by the Company on an annual basis or as otherwise required by a collective bargaining agreement.
- 11.02 Covered Person Contributions.** As a condition of participation, a Covered Person shall contribute to the cost of coverage in such amount as may be determined from time to time by the Company. The Covered Person contribution shall be the cost of the Plan less any Employer contribution described in Section 11.01.

**ARTICLE XII
MANDATORY COST CONTAINMENT PROGRAM**

- 12.01 Pre-Admission Pre-Certification.** Except in the case of an Urgent Hospitalization, all hospitalizations shall be pre-certified prior to admission for any reason. The Pre-Certification Provider's name and telephone number shall be provided to each Participant. Hospital admission pre-certification shall not guarantee benefits under the Plan. Actual benefits provided under the Plan are determined based on the provisions of the Plan other than this Article.
- 12.02 Pre-Certification Procedure.** When a Physician recommends a non-Urgent Hospitalization, the Participant or such Physician shall call the Pre-Certification Provider. The Participant shall advise the Physician of the Plan's pre-admission certification requirement and provide such Physician with adequate information to obtain the pre-certification. The Participant or Physician should secure pre-certification as soon as possible and before a Covered Person actually enters the hospital. It shall be the Participant's responsibility to see that the Pre-Certification Provider is notified.
- 12.03 Urgent Hospital Admission.** In the case of an Urgent Hospitalization, the Covered Person's Physician, the Hospital, or a family member shall telephone the Pre-Certification Provider within 48 hours of admission or on the first business day following weekend or holiday admissions. The Participant shall provide the Pre-Certification Provider with the information requested by the Pre-Certification Provider.
- 12.04 Continued Stay Review.** The Pre-Certification Provider may monitor all Hospital stays through contact with the Covered Person's Physician.
- 12.05 Other Required Pre-Certifications.** The Participant or Participant's Physician shall notify the Pre-Certification Provider prior to the provision of the following additional services or supplies: (i) inpatient Surgery; (ii) a Newborn Child Hospital stay beyond that of the mother; (iii) plastic reconstructive surgery; and (iv) durable medical equipment/prosthetics. With approval of the Plan, the Pre-Certification Provider may require pre-certification for other services or supplies in accordance with reasonable procedures.
- 12.06 Penalty for Non-Compliance.** If a Participant fails to comply with the requirements of this Article, the Plan may assess a \$300 penalty.

**ARTICLE XIII
MEDICAL BENEFITS**

13.01 General. Subject to the provisions of Articles VI, VII or X, as applicable, any Deductible requirements, and any limitations with respect to the Maximum Allowable Amount, medical benefits under the Plan shall include, but shall not be limited to, medical benefits set forth in this Article. Benefits under the HMO Option and the Other Insured Arrangement Option shall be set forth in the certificates of coverage, the group insurance policies, and any other applicable governing documents. The following provisions shall apply to each of the PPO Option and the HD PPO Options, except as otherwise noted

13.02 Preventive Care Benefit.

(a) General. The Plan shall cover Preventive Health Services. Covered Expenses shall include the Maximum Allowable Amount for services provided by a Physician for Preventive Health Services not associated with the diagnosis or treatment of a Sickness. No Co-Insurance, Co-Payment or Deductible shall be imposed with respect to Preventive Health Services under the HD PPO Options or with respect to Recommended Preventive Health Services or Additional Preventive Health Services under the PPO Option that are delivered by an in-network Hospital, Physician or other provider. As described in Section 10.06, Co-Insurance, Co-Payments and/or Deductibles may apply under the PPO Option with respect to Additional Preventive Health Services and Recommended Preventive Health Services that are delivered by an out-of-network Hospital, Physician or other provider. For purposes of the Plan, diagnostic allergy testing and allergy injections, shots, serums and immunizations are not considered Preventive Health Services. Notwithstanding the foregoing, the Plan may use reasonable medical management techniques to determine the frequency, method, treatment, or setting for a Recommended Preventive Health Service, to the extent not specified in the recommendation or guideline described in 29 C.F.R. §2590.715-2713(a)(1) or any successor regulation.

(b) Office Visits. If a Recommended Preventive Health Service is billed separately (or is not tracked as individual encounter data separately) from an office visit, then the Plan may impose a Co-Payment and/or Deductible with respect to such office visit. If a Recommended Preventive Health Service is not billed separately (or is not tracked as individual encounter data separately) from an office visit and the primary purpose of the office visit is the delivery of the Recommended Preventive Health Service, then the Plan will not impose a Co-Payment, Co-Insurance and/or Deductible with respect to the office visit, unless the Recommended Preventive Health Services is furnished by an out-of-network Physician under the PPO Option. If a Recommended Preventive Health Service is not billed separately (or is not tracked as individual encounter data separately) from an office visit and the primary purpose of the office visit is not the delivery of the Recommended Preventive Health Service, then the Plan may impose a Co-Payment, Co-Insurance and/or Deductible with respect to such office visit.

13.03 Well Child Care. To the extent not already considered a Recommended Preventive Health Service, the Plan shall cover well child care. The provisions set forth in Articles VI or VII, as applicable, shall apply. Covered Expenses shall include charges associated with Physician office visits, routine medical examinations, immunizations and routine diagnostic procedures associated with routine medical examinations for children up to two years of age.

13.04 Maternity Benefits. The Plan shall provide maternity benefits for a Participant and for a Participant's spouse and female Dependent Child who are enrolled in the Plan. The provisions set forth in Articles VI or VII, as applicable, shall apply. Covered Expenses shall include charges associated with (a) pre-natal office visits, including one routine ultrasound, and (b) hospital maternity care related to a normal pregnancy and complications of pregnancy, including inpatient care and obstetrician services, and routine inpatient nursery charges (unlimited newborn visits), inpatient pediatrician visits and birthing center expenses while the mother is hospitalized after childbirth. If a Newborn Child requires treatment for an Sickness or Injury or remains hospitalized after the mother is discharged from the hospital after giving birth, benefits are provided under the Plan only if the Newborn Child is properly enrolled in the Plan. The Plan shall not restrict benefits for any Hospital length of stay in connection with childbirth for the mother or Newborn Child to less than 48 hours following a normal vaginal delivery, or less than 96 hours following a cesarean section, or require that a provider obtain authorization from the Plan for prescribing a length of stay not in excess of the above periods. Notwithstanding the foregoing, nothing shall preclude the mother's or newborns' attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours if applicable).

13.05 Convalescent Care Benefit.

- (a) General. The Plan shall provide a convalescent care benefit. The provisions set forth in Articles VI or VII, as applicable, shall apply. Such convalescent care benefit shall provide benefits for expenses incurred during a convalescent care confinement after a Hospital stay that is covered under the Plan. To be covered, such confinement must start within 14 days of release from the Hospital and be ordered by the attending Physician as a result of the condition necessitating the prior hospitalization. Only charges incurred in connection with convalescence from the Sickness or Injury for which the Covered Person is confined shall be covered.
- (b) Covered Expenses. If the requirements of subsection 13.05(a) are met, the Plan shall pay the Covered Expenses applicable to inpatient charges for the following services and supplies furnished while the Covered Person is under continuous care of the attending Physician and requires 24 hour care:
- (1) Room and Board Charges and other services and supplies that are Medically Necessary;
 - (2) Use of special treatment rooms;
 - (3) X-ray and laboratory examinations;
 - (4) Physical, occupational, and speech therapy; and
 - (5) Oxygen, respiratory, and other gas therapy.
- (c) Limitation. The convalescent care benefit shall be subject to limitations as contained in the Summary Plan Description.

13.06 Home Health Care. The Plan shall provide coverage for home health care as follows:

- (a) PPO Option. The provisions set forth in Article VII shall apply. Up to 120 visits per calendar year for the services listed below as rendered by any Home Health Care Agency

shall be Covered Expenses. Subject to the foregoing, the following, if ordered by a Physician and furnished to a Covered Person in his or her home for care in accordance with a home health care plan, shall be Covered Expenses:

- (1) Part-time or intermittent nursing care by a registered graduate nurse (R.N.) or by a licensed practical nurse (L.P.N.) if the services of a registered graduate nurse are not available;
 - (2) Part-time or intermittent home health aide services that consist primarily of caring for the individual;
 - (3) Physical, occupational, and speech therapy; and
 - (4) Medical supplies, drugs and medicines prescribed by a Physician, and laboratory or dietary services provided by or on behalf of a Hospital, but only to the extent that such items would have been covered under the Plan if the Covered Person had been hospitalized.
- (b) HD PPO Options. The provisions set forth in Article VI shall apply. Up to 120 visits per calendar year for the services listed below as rendered by any Home Health Care Agency shall be Covered Expenses. Subject to the foregoing, the following, if the charge is made by a Home Health Care Agency and furnished to a Covered Person in his or her home for care in accordance with a home health care plan, shall be Covered Expenses:
- (1) Part-time or intermittent nursing care by a registered graduate nurse (R.N.) or by a licensed practical nurse (L.P.N.) if the services of a registered graduate nurse are not available;
 - (2) Part-time or intermittent home health aide services;
 - (3) Physical, occupational, and speech therapy; and
 - (4) Medical supplies, drugs and medicines prescribed by a Physician, and laboratory provided by a home health care agency, but only to the extent that such items would have been covered under the Plan if the Covered Person had been hospitalized.

13.07 Hospice Care Benefit.

- (a) General. The Plan shall provide a Hospice Care Benefit. The provisions set forth in Articles VI or VII, as applicable, shall apply. Hospice care coverage provides benefits for charges incurred for treatment of a Terminally Ill person while in a Hospice Care Program. Such care may be administered through:
- (1) A centrally administered, medically directed, and nurse coordinated program that; (1) provides a coherent system primarily of home care; (2) is available 24 hours a day, seven days a week; and (3) uses a Hospice Team; or
 - (2) Confinement in a Hospital.

With regard to benefits provided under the PPO Option, the Program shall meet applicable standards set by the National Hospice Organization and approved by the Claims Administrator. If such Program is required by a state to be licensed, certified, or

registered, it shall also meet that requirement to be considered a Hospice Care Program eligible for coverage. With regard to benefits provided under the HD PPO Options, the Hospice Care Program must be licensed.

(b) Definitions. For purposes of this Section, the following terms have these meanings:

- (1) "Counseling Services" means supporting services provided after the death of a Terminally Ill person, by members of a Hospice Team, in counseling sessions with the Family Unit. Counseling Services include care to (1) reduce or abate pain or other symptoms of mental or physical distress; and (2) meet the special needs arising out of the stresses of the Terminal Illness, death and bereavement.
- (2) "Family Unit" means a Participant and his or her other Dependents.
- (3) "Hospice" means a free standing or Hospital affiliated facility that provides short periods of stay for the Terminally Ill in a home like setting for either direct care or respite. It must operate as an integral part of the Hospice Care Program.
- (4) "Hospice Care Program" means a formal program directed by a Physician, as defined herein, to help care for a Terminally Ill Covered Person.
- (5) "Hospice Services" means services and supplies furnished to a Terminally Ill person by a Hospice or a Hospice Team.
- (6) "Hospice Team" means a group of professional and volunteer workers who provide care to reduce or abate pain or other symptoms of mental or physical distress and meet the special needs arising out of the stresses of the Terminal Illness, dying and bereavement. A Hospice Team shall include a Physician and a registered nurse. It may also include social workers, clergy, counselors, volunteers, clinical psychologists, physiotherapists, and occupational therapists.
- (7) "Remission" means a halt in the progression of the disease that led to the Terminal Illness or an actual reduction in the extent to which such disease has already progressed.
- (8) "Terminally Ill" means the primary attending Physician, who is treating the Covered Person, has certified that such person's life expectancy is six months or less.

(c) Hospice Care Benefits.

The Plan shall cover any one period of care in a Hospice Care Program up to 180 days, including charges incurred for the Terminally Ill Covered Person (1) while not an inpatient in a Hospice for Hospice Services furnished under a Hospice Care Program; or (2) while an inpatient in a Hospice for Hospice Room and Board Charges and Hospice Services furnished under a Hospice Care Program.

(d) Counseling Services. Counseling Services are Covered Expenses under this Section.

(e) Conditions for Benefits.

As conditions of coverage under this Section, a Terminally Ill person shall (1) be in a Hospice Care Program; and (2) have the primary attending Physician furnish certification

of the Terminally Ill status to the Claims Administrator. Additionally, the Hospice Services or stay shall be (1) provided while the individual is a Covered Person; (2) ordered by the supervising Physician who is directing the Hospice Care Program; (3) charged for by the Hospice Care Program; and (4) provided within six months of the individual's entry or re entry (after a period of Remission) in the Hospice Care Program.

(f) **Exclusions.** The following shall not be covered under this Section:

- (1) Charges incurred during a Remission period if the Covered Person is discharged from the Hospice Care Program during such period;
- (2) Charges for services provided by a Relative;
- (3) Charges for home-delivered meals or homemaker services;
- (4) Charges for respite care;
- (5) Charges for traditional medical services to treat the Terminal Illness, disease or condition; and
- (6) Charges for transportation, including but not limited to ambulance transportation.

13.08 Elective Sterilization. Certain elective sterilization procedures such as tubal ligations and vasectomies shall be covered under the Plan. Such procedures shall be subject to the provisions set forth in Article VI or VII, as applicable. No reversal or attempted reversal of an elective sterilization shall be considered a Covered Expense. Only a Participant and his or her spouse who is enrolled in the Plan shall be entitled to coverage under this Section.

13.09 Newborn Hospital Expenses. Hospital charges and professional services, including charges associated with circumcision, incurred by a Well Newborn Child during the initial period of hospital confinement, shall be covered as charges of the mother, provided the mother was covered for the Pregnancy.

Hospital charges and professional services incurred by a Newborn Child who is not a Well Newborn Child shall be considered charges of the Newborn Child, and providing the Newborn Child is a Covered Person, shall be covered pursuant to the provisions of the Plan.

13.10 Human Organ and Tissue Transplant Benefit. General. The Plan shall provide benefits for any Medically Necessary human organ and tissue transplant, as determined by the Plan Administrator, including necessary acquisition costs and preparatory myeloblastic therapy, and for all expenses that are (i) Medically Necessary, as determined by the Plan Administrator, and (ii) directly related to the disease that has necessitated the covered transplant procedure or that arise as a result of the procedure, including any diagnostic evaluation for the purpose of determining the appropriateness of the procedure for a Covered Person. The provisions set forth in Article VI or VII, as applicable, shall apply.

Notwithstanding the foregoing, the Plan shall pay benefits only for Hospital and Physician charges that are described elsewhere in the Plan as Covered Expenses. In order for such charges to be Covered Expenses, the Claims Administrator must approve all hospital confinements and/or surgical procedures related to an organ or tissue transplant. The benefits or requirements described below in this Section do not apply to Medically Necessary cornea or kidney transplants, which are paid as inpatient services, outpatient services or physician office services, depending

where the service is performed. Without limiting the generality of any other provision of the Plan, benefits for charges of an out-of-network Hospital or Physician shall be limited to the Maximum Allowable Amount.

(a) Human Organ and Tissue Transplant Benefits. Without limiting the generality of the foregoing, the Plan shall pay benefits for the following Medically Necessary services related to a human organ or tissue transplants:

- (1) Physician's charges related to surgery, including charges for a surgical physician's assistant (if Medically Necessary), and related anesthesia.
- (2) Inpatient covered Hospital services related to the transplant procedure.
- (3) Storage and transportation costs related to the donated organ or tissue (including the donor's medical expenses incurred as the result of a transplant provided the recipient is covered under the Plan, the expense is charged to the Covered Person, and no other source is available to pay the actual donor's medical expenses).
- (4) Storage of the patient's own blood in advance of an approved transplant surgical procedure.
- (5) If a participating (in-network) transplant facility performs transplant-related services, the Plan shall pay benefits for Medically Necessary pre-transplant evaluations and 12 months of transplant-related follow-up care (including any rejection events).
- (6) The Plan shall provide assistance with reasonable and necessary travel expenses as determined by the Plan Administrator when the Covered Person obtains prior approval and is required to travel more than 100 miles from his or her residence to reach the Hospital where the covered transplant procedure will be performed. The Plan's assistance with travel expenses includes transportation to and from the Hospital and lodging for the patient and one companion. If the Covered Person receiving treatment is a minor, then reasonable and necessary expenses for transportation and lodging may be allowed for two companions. Benefits for lodging are limited to \$75.00 per day. Travel expenses and lodging expenses, on a combined basis, are limited to \$20,000. To obtain reimbursement, the Covered Person must submit itemized receipts for transportation and lodging expenses in a form satisfactory to the Plan Administrator.

13.11 Miscellaneous Covered Expenses. The Plan shall cover the miscellaneous services and supplies set forth below. Such coverage shall be subject to the provisions set forth herein, as applicable.

(a) Hospital inpatient expenses including:

- (1) *Hospital Room and Board.* An amount per day up to the Semi-Private Room rate and charges incurred for use of the Intensive Care Unit (ICU) when ordered by the Covered Person's primary Physician. Care exceeding 23 hours shall be considered an inpatient admission and must be pre-certified pursuant to Article XII; and

- (2) *Hospital Miscellaneous.* All other charges made by a Hospital during an inpatient confinement exclusive of personal items or services not necessary for the treatment of Sickness or Injury.
- (b) Certain emergency care expenses including
- (1) Hospital emergency room care services when care is associated with an accident, a medical emergency or a non-medical emergency;
 - (2) Urgent care services; and
 - (3) Ambulance services (local ground or air transportation), when Medically Necessary to transport the Covered Person to the nearest appropriately equipped Hospital that is able to provide Medically Necessary treatment. Covered Expenses include air-ambulance services only if Medically Necessary.
- (c) Expenses in or out of the Hospital (unless otherwise specified), including:
- (1) Hospital outpatient services: Services at an outpatient facility where care does not exceed 23 hours, but only if the charge for such service is less than an overnight charge in such outpatient care facility;
 - (2) Diagnostic x-ray and laboratory services;
 - (3) Surgical Procedure charges;
 - (4) Second surgical opinions, provided the Covered Person's Physician (other than the Physician offering the second surgical opinion) performs the eventual surgery;
 - (5) Anesthesia charges;
 - (6) Services related to mastectomies, including:
 - (A) Reconstruction of the breast on which the mastectomy has been performed;
 - (B) Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
 - (C) Prostheses and physical complications of all stages of the mastectomy (including lymphedemas)
 - (7) Physician and related services, including:
 - (A) Allergy injections, shots, serums and immunizations, unless otherwise limited by the Plan;
 - (B) Diagnostic allergy testing;
 - (C) Effective January 1, 2012, regardless of whether a Covered Person currently exhibits symptoms or has been diagnosed with a medical condition, one colonoscopy per Covered Person per calendar year, and

one mammography per Covered Person per calendar year, which procedures shall not be subject to any Deductible, Co-Insurance or Co-Payment requirement;

- (D) Radiation therapy;
- (E) Infusion;
- (F) Pathological services;
- (G) Electrocardiograms;
- (H) Cardiac rehabilitation;
- (I) Inpatient physical medicine/rehabilitation, limited to 60 days per Covered Person per year;
- (J) Outpatient Physical therapy (up to 26 visits per calendar year). With regard to benefits provided under the HD PPO Options, this 26-visit limit includes visits for occupational therapy. Services must be provided by a registered professional physical therapist who renders the appropriate services under the supervision of a Physician;
- (K) Electroencephalograms;
- (L) Hospital visits;
- (M) Assistant surgeon charges (when Medically Necessary);
- (N) Private duty nursing services (except those provided by a Relative);
- (O) Medically Necessary durable medical equipment and supplies including
 - (i) Rental of wheelchairs, hospital beds, equipment for the administration of oxygen, and iron lungs and other mechanical equipment to treat respiratory paralysis;
 - (ii) Internal cardiac valves and internal pacemakers;
 - (iii) Mandibular reconstruction devices that are not primarily used to support a dental prosthesis; and
 - (iv) Bone screws, bolts, nails, plates, and other internal and permanent devices that are approved by the Plan Administrator or Claims Administrator.
- (P) Medical and surgical dressings, supplies, casts, splints, trusses, orthopedic braces, crutches, and prosthetic devices;
- (Q) Hearing care examinations for Sickness or Injury or to determine the need for a hearing aid – each Covered Person is limited to 1 exam and 1 aid per ear during a two-calendar year period, with no lifetime maximum;

- (R) Vision examinations for Sickness or Injury;
- (S) Wigs – each Covered Person shall be eligible for one wig per Plan Year when baldness is a result of chemotherapy, alopecia, radiation therapy or surgery;
- (T) Blood and blood related products;
- (U) Oxygen and its administration;
- (V) Respiratory therapy;
- (W) Chemotherapy for treatment of a malignancy;
- (X) Hemodialysis when provided to a Covered Person as an inpatient of a Hospital or as an outpatient in a Medicare approved dialysis center;
- (Y) Speech therapy, but only to restore speech abilities lost due to Sickness or Injury or surgery on account of a Sickness (other than a functional nervous disorder) (up to 26 visits per calendar year). If speech loss is due to a congenital anomaly for which corrective surgery has been performed, the corrective surgery must be performed before the therapy and the therapy must be designed to provide significant improvement on a relatively short-term basis. Services must be provided by a registered professional speech therapist certified by the American Speech and Hearing Association who renders the appropriate services under the supervision of a Physician;
- (Z) Occupational therapy (up to 26 visits per calendar year). Services must be provided by a registered professional physical therapist who renders the appropriate services under the supervision of a Physician. With regard to benefits provided under the HD PPO Options, this 26-visit limit includes visits for Physical therapy;
- (AA) Chiropractic care when provided by a licensed chiropractor to a Covered Person on an out-patient basis (up to 26 visits per calendar year);
- (BB) Dental services provided by a dentist, oral surgeon, or Physician only as follows:
 - (i) Treatment for Injury to natural teeth or facial bones within 36 months of such Injury;
 - (ii) Extraction of completely bony impacted teeth, including completely impacted wisdom teeth; and
 - (iii) Services in connection with a gingivectomy (PPO Option only).
- (CC) Diagnosis of infertility;
- (DD) Home IV;
- (EE) Blood glucose testing machines;

(FF) Diabetic education and, for the HD PPO Option only, diabetic supplies that are not available over the counter, if prescribed by a Physician for a medical condition or diagnosis; and

(GG) Appliances and Medically Necessary surgical procedures to treat temporomandibular joint dysfunction.

(d) Expenses out of the Hospital, including:

(1) Physician office visits;

(2) Doctor's office surgery; and

(3) Skilled nursing facility charges, but excluding charges for custodial care, domiciliary care and care attributable primarily to mental retardation, senile deterioration or mental deficiency.

13.12 Alternate Treatment Under Case Management. In cases where a Covered Person's condition is expected to be or is of a serious nature, the Plan Administrator may arrange for review and/or case management services from a professional qualified to perform such services. The Plan Administrator, following consultation with appropriate medical professionals, shall have the right to alter or waive the normal provisions of this Plan when it is reasonable to expect a cost effective result without a sacrifice to the quality of the patient's care.

13.13 Payment of Benefits. All benefits shall be paid directly to the provider unless the Participant submits proof that the bill has been paid or if services are received out-of-network, in which case benefits shall be paid to the Participant, or if deceased, in accordance with Section 13.13. Benefits may be paid directly from the general assets of the Employers or from any other lawful funding vehicle as may be established by the Company.

13.14 Designation of Beneficiaries. Each Covered Person, from time to time, may name any person (who may be named concurrently, contingently or successively) to whom the Covered Person's benefits under the Plan are to be paid if the Covered Person dies before he or she receives all of such benefits. Each such beneficiary designation will revoke all prior designations by the Covered Person, shall not require the consent of any previously named beneficiary, shall be in a form prescribed by the Plan Administrator, and shall be effective only when filed with the Plan Administrator during the Covered Person's lifetime. If a Covered Person fails to designate a beneficiary before his or her death, as provided above, or if the designated beneficiary dies before the date of the Covered Person's death or before complete payment of the Covered Person's benefits, the Plan Administrator shall pay such benefits to the Covered Person's spouse; or if no spouse is living, to his or her lawful descendants, *per stirpes*; or if none are living, to the legal representative of the estate of the Covered Person; or if none is appointed within 6 months after the date of his or her death, to his or her heirs under the laws of the state in which he or she is domiciled at the date of his or her death.

13.15 Facility of Payment. When a person entitled to benefits under the Plan is under a legal disability or, in the Plan Administrator's opinion, is in any way incapacitated so as to be unable to manage his or her affairs, the Plan Administrator may direct the payment of benefits to such person's legal representative, or to a relative or friend of such person for such person's benefit, or the Plan Administrator may direct the application of such benefits for the benefit of such person in such manner as the Plan Administrator considers advisable. Any payment made in accordance with the

preceding sentence shall be a full and complete discharge of any liability for such payment under the Plan.

**ARTICLE XIV
PRESCRIPTION DRUG COVERAGE**

14.01 General. The Plan provides prescription drug coverage in accordance with the provisions in this Article. A prescription drug card shall be issued to each Covered Person which shall provide coverage as set forth in the remainder of this Section.

14.02 Deductible.

- (a) With regard to the HD PPO Options, no prescription drug benefits are payable under the Plan until the Employee, or the Employee and his or her Family, as applicable, have satisfied the annual Deductible as described in Section 10.01.
- (b) With regard to the PPO Option, no Deductible shall apply to items covered under this Article.

14.03 Co-Payments and Co-Insurance.

(a) PPO Option. The amount of prescription drug Co-Payment depends on the category of drug the Participant purchases. The Out-of-Pocket Expense Limitation on prescription drugs is \$1,500 per person per calendar year.

- (1) *Retail Pharmacy.* For a 30-day supply, a Participant shall pay 20 percent of the cost of the drug, subject to a minimum and maximum cost, as set forth in the table below.

30-Day Supply	Co-Payment	Minimum	Maximum
Generic	20% of the drug cost	\$5	\$15
Formulary	20% of the drug cost	\$15	\$45
Non-formulary	20% of the drug cost	\$30	\$90

- (2) *Mail Order.* The Co-Payment for a prescription drug ordered through the mail-order service shall be based on the coverage class of the drug.

90-Day Supply	Co-Payment	Covered Amount
Generic	\$10	100% after Co-Payment
Formulary	\$30	100% after Co-Payment
Non-formulary	\$60	100% after Co-Payment

- (3) *Walgreens Advantage 90 Program.* Participants may purchase a 90-day supply of prescription drugs from a Walgreens retail pharmacy under the Walgreens Advantage 90 Program. The Co-Payment for such 90-day supply shall be 20 percent of the drug cost, subject to a minimum and maximum cost, as set forth in the table below.

90-Day Supply	Co-Payment	Minimum	Maximum
Generic	20% of the drug cost	\$10	\$30
Formulary	20% of the drug cost	\$30	\$90
Non-formulary	20% of the drug cost	\$60	\$180

- (b) HD PPO Options. The amount of Co-Insurance depends on the source of the prescription drugs. No prescription drug benefits are payable under the Plan until the Employee, or the Employee and his or her Family, as applicable, have satisfied the annual Deductible as described in Section 10.01.

Source	Covered Amount	Co-Insurance
Retail (30-day supply)	80%	20%
Mail Order (90-day supply)	80%	20%
Out-of-Network	60%	40%

14.04 Definitions. For purposes of this Section, the following definitions shall apply:

- (a) "Generic" means drugs no longer covered by the original patent.
- (b) "Formulary" means a list of approved drugs covered under the prescription drug plan.
- (c) "Non-formulary" means drugs not chosen for the Formulary, which do not qualify as Generic.

14.05 Items Covered. Items covered under this Section include, without limitation, the following Federal legend drugs and supplies, but excluding any item described in Section 14.06 below:

- (a) Insulin;
- (b) Disposable insulin needles/syringes
- (c) Diabetic diagnostics;
- (d) Pre-natal vitamins;
- (e) Compound medications of which at least one ingredient is a Federal legend drug; and
- (f) Any other drugs that under the applicable state law may only be dispensed upon the written prescription of a Physician or other lawful prescriber.

14.06 Items Not Covered. Items not covered under this Section include, without limitation, the following, in addition to other items that the Plan Administrator determines from time to time are not eligible for coverage:

- (a) Drugs or medicines that are lawfully obtainable without the prescription of a Physician, whether or not such drugs are actually obtained by prescription;
- (b) Drugs prescribed for cosmetic reasons;
- (c) Vitamins (unless prescribed);
- (d) Oral contraceptives, unless Medically Necessary;

- (e) Drugs used for the treatment of infertility or relating to conception;
- (f) Drugs used in the treatment of erectile dysfunction or impotence, regardless of the origin, whether biological or psychological;
- (g) Hair treatments;
- (h) Anti-wrinkle treatment;
- (i) Blood glucose testing machines;
- (j) Biologicals;
- (k) Nutritional dietary supplements;
- (l) Over-the-counter medications;
- (m) Certain smoking cessation products; and
- (n) Any item that is not legally procured, including without limitation any Federal legend drug that may not legally be imported from another county.

14.07 Preauthorization. The Plan may require authorization before it will cover certain drugs. Such authorization shall be requested and granted pursuant to procedures as the Plan may establish.

14.08 Step-Therapy. Coverage in the PPO Option shall be subject to a step-therapy prescription drug program that requires pre-approval of certain prescription drugs. Under the terms of such program, a Covered Person shall consult his or her Physician about clinically effective and less costly prescription drug alternatives before the Plan will consider approval of the use of the drugs on the step therapy list.

14.09 Brand versus Generic Drugs. For the PPO Option, if a prescribed brand-name drug has a Generic substitute and a Covered Person requests that the brand-name drug be dispensed, the Participant or Post-65 Retiree Plan Participant will be responsible for payment of the applicable Co-Payment plus the difference in cost between the brand-name drug and the Generic substitute, unless the Covered Person's Physician indicates that the brand-name drug is to be dispensed as written.

ARTICLE XV MENTAL ILLNESS COVERAGE

15.01 General. The Plan shall provide benefits for treatment related to mental disorders and substance use disorders as set forth in the applicable Summary Plan Description. Coverage of such treatment shall be subject to the provisions set forth herein.

15.02 Coverage. Coverage shall be subject to the following conditions and limitations:

- (a) PPO Option.
 - (1) Benefits for mental disorders shall be available as follows:

Category	Covered Amount	Co-Payment
Inpatient - In Network	85%	N/A
Inpatient - Out-of-Network	65% after Deductible	N/A
Outpatient - In Network	100%	\$15
Outpatient - Out-of-Network	65% after Deductible	N/A

(2) Benefits for substance abuse treatment shall be available as follows:

Category	Covered Amount	Co-Payment
Detox Inpatient - In Network	85%	N/A
Detox Inpatient - Out-of-Network	65% after Deductible	N/A
Detox Outpatient - In Network	100%	\$15
Detox Outpatient - Out-of-Network	65% after Deductible	N/A
Rehab Inpatient - In Network	85%	N/A
Rehab Inpatient - Out-of-Network	65% after Deductible	N/A
Rehab Outpatient - In Network	100%	\$15
Rehab Outpatient - Out-of-Network	65% after Deductible	N/A

(b) HD PPO Options.

(1) Benefits for mental disorders shall be available as follows:

Category	HD PPO 1 Covered Amount*	HD PPO 2 Covered Amount*
Inpatient - In Network	80%	80%
Inpatient - Out-of-Network	60%	60%
Outpatient - In Network	80%	80%
Outpatient - Out-of-Network	60%	60%

* After Deductible

(2) Benefits for chemical dependency shall be available as follows:

Category	HD PPO 1 Covered Amount*	HD PPO 2 Covered Amount*
Inpatient - In Network	80%	80%
Inpatient - Out-of-Network	60%	60%
Outpatient - In Network	80%	80%
Outpatient - Out-of-Network	60%	60%

* After Deductible

ARTICLE XVI EMPLOYEE ASSISTANCE PROGRAM COVERAGE

16.01 Benefits. Covered Persons may choose to receive Employee Assistance Program benefits for which they are eligible as set forth in the applicable Summary Plan Description.

16.02 Claim for Benefits. Any Covered Person, or his or her duly authorized representative, may file a claim in accordance with the procedures set forth in the applicable Summary Plan Description for the benefits offered hereunder to which the claimant believes he or she is entitled, but that have been previously denied by the Plan Administrator.

**ARTICLE XVII
GENERAL EXCLUSIONS**

17.01 General. Notwithstanding any other Plan provision, the Plan shall not provide coverage for any of the following charges:

- (a) Charges that are not for the care or treatment of an Injury or Sickness, except as specifically provided for in this Plan;
- (b) Charges for care received in an emergency room that is not considered emergency care (except as otherwise specified in the Plan);
- (c) Charges related to cosmetic surgery or related Hospital admissions, unless made necessary:
 - (1) By an Injury;
 - (2) For correction of congenital deformity when necessary to perform a normal body function; or
 - (3) For reconstructive surgery as necessary for the prompt treatment of a diseased condition;
- (d) Charges for any cutting procedure in the mouth (except when performed in connection with the removal of non-impacted teeth, replacement of teeth, dentures or appliances, orthodontia or periodontia, alveoplasty, or the repair or preparation of the mouth to receive or maintain dentures);
- (e) Charges for or in connection with treatment of teeth or periodontium or treatment of periodontal or periapical disease or any condition (other than a malignant tumor) involving teeth, surrounding tissue or structure, except for oral surgery for repair of Injury to natural teeth, or as provided herein;
- (f) Charges for dental implants;
- (g) Charges for dental appliances (except for intra-oral devices used in connection with temporomandibular joint dysfunction treatments covered under the Plan);
- (h) Charges for the non-surgical treatment of Temporomandibular Joint (TMJ) dysfunction except for the appliance;
- (i) Charges for or related to some services, treatment, education testing or training related to learning disabilities or developmental delays;
- (j) Charges for care furnished mainly to provide a surrounding free from exposure that can worsen the person's disease;

- (k) Charges related to services provided by the United States government, any state government, or any government outside the United States in which the participant or dependent is entitled to receive benefits. An exception to this exclusion applies for services provided by the United States government that can be billed to the Plan under COBRA;
- (l) Charges that a Covered Person is not legally required to pay and charges that would not have been made if the Plan had not existed;
- (m) Charges that exceed the Maximum Allowable Amount or are not Medically Necessary;
- (n) Charges that are reimbursed, or that could be reimbursed, by any public program other than Medicaid, Medicare or TRICARE;
- (o) Charges that are payable under Medicare Part A and/or Medicare Part B or would have been payable if the Covered Person had applied for Part A and/or Part B (except as specified elsewhere in the Plan or as otherwise prohibited by Federal law)
- (p) Charges for primal therapy, rolfing, psychodrama, megavitamin therapy, bioenergetic therapy, vision perception training or carbon dioxide therapy;
- (q) Charges for marriage, family, Child, career, social adjustment, pastoral and financial counseling, except as provided under Article XVI;
- (r) Charges for acupuncture therapy; provided, however, that acupuncture therapy may be covered under the PPO Option and the HD PPO Options if performed by a Physician as a form of anesthesia in connection with surgery that is covered under the Plan;
- (s) Charges for biofeedback services;
- (t) Charges for examinations related to employment;
- (u) Charge for examinations related to marriage;
- (v) Charges for routine vision exams;
- (w) Charges for Experimental or Investigational Services;
- (x) Human organ transplant benefits for the following:
 - (1) Cardiac rehabilitation services provided more than three days after the recipient is discharged from the Hospital;
 - (2) Transportation by air ambulance for the donor or the recipient;
 - (3) Travel time (and related expenses) required by a Physician; and
 - (4) Drugs that are Experimental or Investigational in nature.
- (y) Charges for chiropractic maintenance care;
- (z) Charges for transportation to and from places of treatment and care, other than ambulance service when Medically Necessary;

- (aa) Charges for speech therapy, unless otherwise provided in the Plan;
- (bb) Charges related to any services or supplies for counseling related to sexual dysfunctions or inadequacies, or for surgery or therapy that will change the biological sex of the covered individual;
- (cc) Charges related to any services or supplies for artificial insemination, in vitro fertilization embryo transfer procedures or tests related to fertilization, including charges for infertility drugs and related services that follow the diagnosis of infertility;
- (dd) Charges incurred prior to the effective date of coverage, or after the termination date of coverage;
- (ee) Charges for services rendered by a Relative of the Participant, or any other person who resides in the same household as the Participant;
- (ff) Charges incurred due to a work related Sickness or Injury that are eligible for coverage under a workers' compensation, occupational disease or similar program, regardless of whether benefits under such programs are claimed or are recovered in whole or in part and regardless of whether benefits are recovered from any third party;
- (gg) Charges incurred for the treatment of a Sickness or Injury as a result of any act of war, declared or undeclared;
- (hh) Charges incurred as a result of any act of rioting or civil disobedience;
- (ii) Charges for court-ordered testing or care;
- (jj) Charges for completion of claim forms or charges for medical records or reports unless otherwise required by law;
- (kk) Charges for missed or cancelled appointments;
- (ll) Charges for pre-admission testing if the Covered Person decides to postpone his or her surgery;
- (mm) Mileage costs or travel expenses unless authorized by the Plan;
- (nn) For custodial care, domiciliary or convalescent care, except as otherwise provided in the Plan;
- (oo) Charges related to treatment for weight loss or treatment of obesity, except for surgical treatment of morbid obesity;
- (pp) Charges for sex transformation surgery and related services, or the reversal thereof;
- (qq) Charges for eyeglasses or contact lenses, except for first pair of eyeglasses or contact lenses prescribed following cataract surgery;
- (rr) Charges for the replacement of cataract lenses when a prescription change is not required;
- (ss) Charges for reversal of sterilization;

- (tt) Surgical-related expenses associated with Norplant, intrauterine devices or elective abortions;
- (uu) Charges for professional services when related to Depo-Provera injections;
- (vv) Charges for personal hygiene and convenience items;
- (ww) Charges for orthotics when used for comfort only;
- (xx) Expenses incurred in a health spa or similar facility;
- (yy) Charges for self-help training and other forms of non-medical self care, except as otherwise provided herein;
- (zz) Charges for examinations relating to research screenings;
- (aaa) For stand-by charges of a Physician; and
- (bbb) Charges related to radial keratotomy or keratomileusis or excimer laser photo refractive keratectomy.

ARTICLE XVIII SUBROGATION

- 18.01 Subrogation.** If an Other Party is liable or legally responsible to pay expenses, compensation and/or damages in relation to a Sickness or an Injury incurred by any Covered Person, and benefits are payable under the Plan in relation to such Sickness or Injury, the Plan shall be subrogated to all rights of recovery of such Covered Person. The Covered Person or his or her legal representative shall transfer to the Plan any rights he or she may have to take legal action arising from the Sickness or Injury so that the Plan may recover any sums paid on behalf of the Covered Person. If the Covered Person fails to take legal action against an Other Party, and the Plan elects to take such legal action against such Other Party, in addition to the right to recover Plan benefits paid, the Plan shall be entitled to all expenses, including reasonable attorney's fees, incurred for such recovery. If the Plan recovers an amount greater than Plan benefits paid, the excess, reduced by the expenses of recovery, including reasonable attorney's fees, shall be paid to the Covered Person. The Plan shall have the right, with prior notice to, but without the consent of, the Covered Person, to compromise the amount of its claim if, in the opinion of the Plan Administrator, it is appropriate to do so.
- 18.02 Right of Recovery.** The Plan may recover from a Covered Person or his or her legal representative the amount of any benefits paid under the Plan from any payment the Covered Person receives or is entitled to receive from an Other Party. The Plan shall not be responsible for any attorney's fees associated with any payment received by a Covered Person, unless the Plan expressly assumes such obligation prior to the Covered Person's recovery. Accordingly, unless the Plan expressly agrees otherwise, its recovery shall not be offset by any attorney's fees incurred by a Covered Person.
- 18.03 Cooperation Required.** The Covered Person or his or her legal representative shall cooperate fully with the Plan in asserting its subrogation and recovery rights. The Covered Person or his or her legal representative shall, upon request from the Plan, provide all information and sign and return all documents necessary for the Plan to exercise its rights under this Article. No Covered Person shall take any action to prejudice the Plan's subrogation rights.

18.04 First Lien Created. The Plan shall have a first lien upon any recovery, whether by settlement, judgment, mediation, arbitration or any other means, that the Covered Person receives or is entitled to receive from any Other Party. Such lien shall not exceed the lesser of:

- (a) The amount of benefits paid by the Plan for the Sickness or Injury, plus the amount of all future benefits that may become payable under the Plan that result from the Sickness or Injury. The Plan shall have the right to offset or recover such future benefits from the amount received from the Other Party; or
- (b) The amount recovered from the Other Party.

The Plan's first lien rights will not be reduced (1) due to the Covered Person's own negligence; (2) due to the Covered Person not being made whole; or (3) due to any attorney's fees and costs incurred by the Covered Person.

18.05 Constructive Trust. A Covered Person and his or her legal representative shall place any and all funds recovered from an Other Party in a separate reserve account under the control of the Covered Person and/or his or her legal representative. As a condition of participating in the Plan, a Covered Person and his or her legal representative shall agree that any funds received from an Other Party rightfully and in good conscience belong to the Plan in accordance with this Article, and that such funds shall be held in a constructive trust until distributed in accordance with this Article.

18.06 Personal Liability Created. If a Covered Person or his or her legal representative makes any recovery from any Other Party and fails to reimburse the Plan for any benefits paid as a result of the Sickness or Injury, then (1) the Covered Person or his or her legal representative shall be personally liable to the Plan for the amount of the benefits paid under the Plan; and (2) the Plan may reduce future benefits payable by the amount of payment that the Covered Person or his or her legal representative has received from the Other Party. If the Plan institutes legal action against a Covered Person who fails to reimburse the Plan as required by this Section, in addition to liability to the Plan for the amount of benefits paid under the Plan, such Covered Person shall be liable to the Plan for the amount of the Plan's costs of collection, including reasonable attorney's fees.

ARTICLE XIX NONDUPLICATION OF BENEFITS

19.01 General. Nonduplication of Benefits rules set forth the order of payment of Covered Expenses when two or more plans, including Medicare, are liable for payment. This Article shall not apply to benefits obtained by a Covered Person from an individual medical insurance policy under which such Covered Person is entitled to benefits as a named person.

19.02 Definitions. For purposes of this Article, the following definitions shall apply:

- (a) "Allowable Expense" shall mean the amount of expenses, at least a portion of which is paid under at least one of any multiple plans covering the person for whom the claim is made.
- (b) "Plan" or "Benefit Plan" means this Plan or any one of the following plans:
 - (1) Group or blanket benefit plans, including health maintenance organizations;

- (2) Blue Cross and Blue Shield group plans;
- (3) Group practice and other group prepayment plans;
- (4) Federal government plans or programs, including Medicare;
- (5) Other plans required or provided by law; and
- (6) "No fault vehicle insurance," by whatever name it is called, when inclusion is not prohibited by law.

"Plan" or "Benefit Plan" shall not encompass Medicaid or any other plan, program, policy or arrangement that, by its terms, does not allow coordination, integration or carve out of benefits.

- (c) "Order of Benefits Determination" shall mean the method for ascertaining the order in which the Plan renders payment hereunder.

19.03 Application of the Rules. The Plan that is obligated to pay its benefits first shall be known as the "Primary" Plan. The Plan that, by its terms, is obligated to pay additional benefits for Allowable Expenses not paid by the Primary Plan is known as the "Secondary" Plan. Where another Plan contains a provision providing for coordination, integration or carve out of benefits, the following Order of Benefits Determination shall establish the responsibility for payment hereunder:

- (a) The Plan covering the patient as an employee shall be deemed to be the Primary Plan and is obligated to pay before the Plan covering the patient as a Dependent.
- (b) The Plan covering the patient as a Dependent of a person with a birthday earlier in the year shall be deemed to be the Primary Plan and is obligated to pay before the Plan covering the patient as a Dependent of a person with a birthday later in the year. In the event of divorce or legal separation, the following order shall establish responsibility for payment.
 - (1) If a court decree has determined financial responsibility for a Child's health care expenses, the Plan of the parent having that responsibility is Primary. If the parent with financial responsibility has no coverage for the Child's health care expenses, but that parent's spouse does, such spouse's Plan is Primary.
 - (2) The Plan of the parent with custody of the Child pays before the Plan of the other parent or the Plan of any stepparent.
 - (3) The Plan of the stepparent married to the parent with custody of the Child pays first.
 - (4) The Plan of the parent without custody of the child pays before the non-custodial stepparent.

If this Order of Benefits Determination is not recognized by the other Plan, the order will be determined at the option of the Claims Administrator on a case by case basis.

- (c) Where the order of payment cannot be determined in accordance with (a) and (b) above, the Primary Plan shall be deemed to be the Plan that has covered the patient for the longer period of time.

19.04 Plan As Primary Payor. If this Plan is Primary, it will provide payment in accordance with its terms.

19.05 Plan As Secondary Payor. If this Plan is Secondary, it will provide payment in accordance with its terms, considering as a Covered Expense the amount that would have been a Covered Expense in the absence of the Primary Plan, less the amount payable from the Primary Plan.

19.06 When Other Plan Has No Nonduplication of Benefits Rules. This Plan shall be considered to be Secondary when the other Plan does not contain a coordination, integration or carve-out of benefits provision, or if the other Plan provides that it will be Secondary payor in all instances.

19.07 Vehicle Coverage Limitation. When medical benefits are available under vehicle insurance, this Plan shall always be considered as Secondary regardless of the individual's election under PIP (personal injury protection) coverage with the vehicle insurance carrier.

19.08 If Medicare Is Involved.

(a) General. Notwithstanding anything in the Plan to the contrary, the provisions of this Section apply if Medicare is involved. Medicare shall be deemed to be "involved" if any Covered Person is eligible for benefits from Medicare, regardless of whether such Person has enrolled for coverage under Medicare. A Medicare-eligible Covered Person who fails to enroll for Medicare coverage shall be deemed to be enrolled under all parts of Medicare except Medicare Part D.

(b) Definitions. The following terms have the meanings set forth herein for purposes of this Section:

- (1) "Benefits" means any service or supply for which a Medicare Advantage Organization incurs a liability under a Medicare Advantage plan.
- (2) "Medicare Advantage Plan Enrollee" means a Medicare Advantage eligible individual who has enrolled in a Medicare Advantage Plan.
- (3) "Medicare Advantage Organization" means a public or private entity organized and licensed by a State as a risk bearing entity (with the exception of provider sponsored organizations receiving waivers) that is certified by the Centers for Medicare and Medicaid Services ("CMS") as meeting the requirements for participation in the Medicare Advantage program.
- (4) "Medicare Advantage Plan" means health benefits coverage offered under a policy or contract by a Medicare Advantage Organization.
- (5) "Medicare Advantage Provider" means any provider authorized to provide medical services or supplies under the Medicare Advantage program.
- (6) "Medicare Advantage Provider Network" means the Medicare Advantage Providers with which a Medicare Advantage Organization contracts or makes

arrangements to furnish covered health care services to Medicare Advantage Plan Enrollees.

- (7) "Medicare" means Title XVIII (Health Insurance for the Aged) of the United States Social Security Act, as amended.
- (8) "Order of Benefits Determination" means the order in which Medicare benefits are paid, in relation to the benefits of this Plan.
- (9) "Person" means a person who is eligible for benefits as a Covered Person under this Plan and who is or could be covered by Medicare Parts A and B, whether or not actually enrolled.

(c) Order of Benefits Determination. When Medicare is involved, the order of Benefits Determination shall be as follows:

- (1) For active Employees who are Covered Persons, and for their Dependents, this Plan will be Primary payor and Medicare will be Secondary payor.
- (2) For Covered Persons who are not active Employees and who are eligible for Medicare by reason of age alone, and for their Dependents who are eligible for Medicare, this Plan shall be Secondary payor and Medicare shall be Primary payor.
- (3) For Covered Persons eligible for Medicare, either entirely or in part, by reason other than age, the following provisions shall apply:
 - (A) For persons eligible for Medicare by reason of disability, subsection 19.08(c)(1) shall apply;
 - (B) For Covered Persons eligible for Medicare by reason of end-stage renal disease and for whom Medicare was already Primary at the time the Covered Person became eligible for Medicare due to end-stage renal disease, subsection 19.08(c)(1) shall not apply. In such case, after becoming eligible for Medicare due to end-stage renal disease, benefits of this Plan shall be Primary during the initial thirty-month period that begins on the date such Person first becomes eligible for Medicare due to end-stage renal disease. Once the thirty-month period has expired, Medicare shall be Primary.
- (4) For Covered Persons who are Medicare Advantage Plan Enrollees, this Plan shall be either a Primary or Secondary payor in accordance with subparagraphs (1), (2) or (3) above.

(d) Payment Provisions. If this Plan is Secondary to Medicare, this Plan will provide payment in accordance with its terms, considering as a Covered Expense the amount that would have been a Covered Expense in the absence of Medicare, less (1) the amount payable from Medicare; and (2) the amount denied by Medicare for which a Covered Person is not legally responsible. An amount shall be deemed "payable" from or "denied" by Medicare without regard for whether the person is enrolled under Medicare. If a Medicare Advantage Plan Enrollee who is a Covered Person receives services or supplies for which no Benefits are payable because such services or supplies are from a

provider that is not a Medicare Advantage Provider, or are provided outside of a Medicare Advantage Provider Network, this Plan, if a Secondary payor, shall provide benefits in the same amount as if the Covered Person had received Benefits.

- (e) Coordination of Medicare Part D. If a Covered Person has prescription drug coverage under the Plan and Medicare Part D simultaneously, such coverage shall coordinate as provided by law.

ARTICLE XX ADMINISTRATION OF PLAN

- 20.01 Committee to Administer the Plan.** The Plan shall be administered by the Committee. The Committee shall be the "Named Fiduciary" and the "Plan Administrator" within the meaning of ERISA. The Committee may delegate its fiduciary responsibilities under the Plan to the extent permitted by ERISA.
- 20.02 The Committee.** The powers of the Committee are set forth below and in the charter of the Committee, as such charter may be modified from time to time.
- 20.03 Powers of the Plan Administrator.** The Plan Administrator shall have the duties and powers necessary to administer the Plan properly, including, but not limited to, the following:
- (a) To maintain all Plan records;
 - (b) To file all required government reports and other documents;
 - (c) To provide required disclosures to Covered Persons;
 - (d) To direct the Claims Administrator to process claims;
 - (e) To interpret the Plan, construe Plan terms and decide questions and disputes, which interpretations, constructions and decisions shall be conclusive for all purposes of the Plan;
 - (f) To make factual determinations;
 - (g) To determine eligibility for and the amount of benefits payable under the Plan;
 - (h) To determine the status and rights of all Covered Persons;
 - (i) To make regulations and prescribe procedures;
 - (j) To authorize the Claims Administrator to make benefit payments to any person entitled to benefits under the Plan;
 - (k) To obtain from the Company, Covered Persons and others, such information as is necessary for the proper administration of the Plan;
 - (l) To determine and establish the level of cash reserves, if any, as may be necessary, appropriate or desirable to administer the Plan properly and accomplish its objectives;

- (m) To retain and pay the reasonable expenses of such legal, consulting, medical, accounting, clerical and other assistance as it deems necessary or desirable to assist it in the administration of the Plan. The Plan Administrator shall be entitled to rely upon any information from any source assumed in good faith to be correct; and
- (n) To exercise any other authority necessary, appropriate or helpful to manage and administer the Plan.

20.04 Interpretative Authority. The Plan Administrator has the full and final discretionary authority to decide all questions or controversies of whatever character arising in any manner between any parties or persons in connection with the Plan or the interpretation thereof, including, without limitation, the construction of the language of the Plan and the Summary Plan Description thereunder. Any writing, decision, determination of benefit eligibility or any other determination or instrument created by the Plan Administrator in connection with the operation of the Plan shall be binding upon all persons dealing with the Plan or claiming any benefits thereunder, except to the extent that the Plan Administrator may subsequently determine, in its sole discretion, that its original decision was in error, or to the extent such decision may be determined to be arbitrary or capricious by a court or other entity having jurisdiction over such matters. Benefits under the Plan shall be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them.

20.05 Appointment of the Claims Administrator. The Plan Administrator shall appoint a Claims Administrator to provide administrative services to the Plan Administrator in connection with the operation of the Plan and to perform such other functions, including processing and payment of claims, as may be delegated to it. The person, persons or entity serving as Claims Administrator shall serve at the pleasure of the Plan Administrator.

ARTICLE XXI CLAIMS FOR BENEFITS

21.01 Consideration of Initial Claim.

- (a) Filing Initial Claim. The Claims Administrator shall process benefit claims pursuant to the procedures set forth below. Initial claims shall be filed within eighteen months from the date a charge is incurred. The Plan Administrator, a member of the Company's Human Resource Department or such other designee of the Plan Administrator may decide benefit claims requiring a determination of whether an individual meets the requirements for eligibility under the terms of the Plan, which determination may result in a denial, reduction, or termination of, or failure to provide payment for, a benefit. Solely with respect to claims involving a determination of an individual's eligibility under the Plan, the term "Claims Administrator" as used in this Article shall refer also to the Plan Administrator, a member of the Company's Human Resource Department or such other designee of the Plan Administrator.
- (b) Urgent Care Claims. In the case of an Urgent Care Claim, the Claims Administrator shall provide notice to the claimant of its decision regarding his or her claim within a reasonable period of time appropriate to the medical circumstances, but not later than 72 hours after receipt of the claim by the Plan, unless the claimant fails to provide sufficient information to permit a determination whether, or to what extent, benefits are covered or payable under the Plan. If the claimant does not provide sufficient information for the Claims Administrator to make such determination, then within 24 hours after the Claims

Administrator's receipt of the claim, the claimant shall be notified of the specific information needed to complete the claim. Notice regarding missing information may be provided orally, unless a claimant or his or her authorized representative specifically request written notification. Once the claimant is notified, he or she shall have a reasonable amount of time, but not less than 48 hours, to provide the missing information. The Claims Administrator shall notify the claimant of its decision regarding the claim within 48 hours of the earlier of (i) the Claims Administrator's receipt of the specified information, or (ii) the end of the period afforded the claimant to provide the specified additional information.

An "Urgent Care Claim" is any claim that must be processed on an expedited basis because a delay in processing could seriously jeopardize the life or health of the patient or the ability of the patient to regain maximum function, or in the opinion of the patient's doctor, a delay would subject the patient to severe pain that cannot be adequately managed without the care or treatment that is the subject of the claim.

- (c) Pre-Service Claims. In the case of a Pre-Service Claim, the Claims Administrator shall provide notice to the claimant of its decision regarding his or her claim within a reasonable period of time appropriate to the medical circumstances, but not later than 15 days after receipt of the claim by the Plan. This 15-day period may be extended for up to 15 days due to matters beyond the control of the Plan if, prior to the expiration of the initial 15-day period, the Claims Administrator notifies the claimant of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision. If the claimant does not provide sufficient information for the Claims Administrator to make a determination, within five days after receipt of the claim he or she shall be notified of the specific information necessary to complete the claim. Notice regarding missing information may be provided orally, unless a claimant or his or her authorized representative specifically request written notification. Once the claimant is notified, he or she shall have a reasonable amount of time, but not less than 45 days from receipt of the notice, to provide the missing information.

A "Pre-Service Claim" is any claim where the Plan requires approval of the benefit in advance of obtaining the medical care, in whole or in part.

- (d) Post-Service Claims. In the case of a Post-Service Claim, the Claims Administrator shall provide notice of an adverse benefit determination to the claimant within a reasonable period of time, but not later than 30 days after receipt of the claim by the Plan. This 30-day period may be extended for up to 15 days for matters beyond the control of the Plan if, prior to the expiration of the initial 30-day period, the Claims Administrator notifies the claimant of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision. If the claimant does not provide sufficient information for the Claims Administrator to make a determination, the claimant shall receive notice of the specific information necessary to complete the claim. Once the claimant is notified he or she shall have a reasonable amount of time, but not less than 45 days from receipt of the notice, to provide the missing information.

A "Post-Service Claim" is any claim that is not an Urgent Care Claim, a Pre-Service Claim or a Concurrent Care Claim.

- (e) Concurrent Care Claims. In the case of an ongoing course of treatment, the claimant shall receive notice of any reduction or early termination of treatment in advance so that the claimant may appeal the reduction or termination and obtain a determination on

review before the treatment is reduced or terminated. If the claimant submits an Urgent Care Claim to extend any ongoing course of treatment beyond the period of time or number of treatments initially prescribed, the Claims Administrator shall notify the claimant of the determination to extend the treatment within 24 hours after receipt of the claim, provided the claimant submits the claim at least 24 hours prior to the expiration of the prescribed treatment. If the request to extend any ongoing course of treatment is not an Urgent Care Claim, the Claims Administrator will treat the claim as either a Pre-Service Claim or a Post-Service Claim (as applicable) and will consider the claim according to the timeframes applicable to Pre-Service Claims or Post-Service Claims, whichever applies. The Claims Administrator shall be solely responsible for handling all Concurrent Care Claims.

A "Concurrent Care Claim" is any claim involving a decision to reduce or terminate an ongoing course of treatment or a decision regarding a request by a claimant to extend a course of treatment beyond what has been approved.

21.02 If the Claims Administrator Makes an Adverse Benefit Determination Regarding the Initial Claim. If the Claims Administrator makes an adverse benefit determination, it shall provide notice of the adverse benefit determination that (1) includes information sufficient to identify the claim involved; (2) explains the specific reason for the adverse benefit determination; (3) refers to the specific Plan provisions on which the adverse benefit determination is based; (4) describes any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; (5) describes the Plan's review procedures (as set forth below) and the time limits applicable to such procedures, including a description of available internal appeals and external review processes and information regarding how to initiate an appeal, as well as a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following a final adverse benefit determination; and (6) to the extent required by applicable regulations, discloses the availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman who may assist the claimant. An "adverse benefit determination" means (i) a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of a claimant's eligibility to participate in a plan, and including a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a benefit resulting from the application of any utilization review, as well as a failure to cover an item or service for which benefits are otherwise provided because it is determined to be experimental or investigational or not medically necessary or appropriate, and (ii) a rescission of coverage. A "rescission of coverage" means a cancellation or discontinuance of coverage that has retroactive effect, but does not include any such cancellation or discontinuance to the extent it is attributable to a claimant's failure to pay on a timely basis premiums or contributions towards the cost of coverage.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse benefit determination, either the specific rule, guideline, protocol, or other similar criterion shall be provided to the claimant free of charge, or the claimant shall be informed that such rule, guideline, protocol, or other criterion shall be provided free of charge to the claimant upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse benefit determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the medical circumstances) shall be provided free of charge to the claimant,

or the claimant shall be informed that such explanation shall be provided free of charge to the claimant upon request.

If the Claims Administrator denies a claimant's Urgent Care Claim in whole or in part, the Claims Administrator shall provide a description of the expedited review process for Urgent Care Claims (as set forth below). The Claims Administrator shall provide notice to the claimant orally, followed by written or electronic notice within three days of the oral notification.

21.03 Mandatory First-Level Internal Appeal to the Claims Administrator.

- (a) General. If the Claims Administrator makes an adverse benefit determination, a claimant or his or her duly authorized representative may request a review of such adverse benefit determination by the Claims Administrator by sending a written request for review to the Claims Administrator within 180 days of receipt of the Claims Administrator's notice of adverse benefit determination.

A claimant may submit written comments, documents, records, and other information relating to his or her claim for benefits. Upon request, a claimant shall receive, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim.

A claimant's written request should state why he or she thinks the claim should not have been denied or the coverage should not have been rescinded. The claimant's request shall include any adverse benefit determination letter he or she received and any additional documents, information or comments he or she thinks may have a bearing on the claim.

Upon receipt of a request for review, the Claims Administrator shall conduct a review that takes into account all comments, documents, records, and other information submitted by a claimant or his or her authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review shall not afford any deference to the Claims Administrator's adverse benefit determination, and shall be conducted by an individual who is neither the individual who made the adverse benefit determination that is subject of the appeal, nor the subordinate of such individual.

If the adverse benefit determination was based in whole or in part on a medical judgment, the Claims Administrator shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional consultant shall be neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual. The Claims Administrator shall provide to the claimant upon request the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

- (b) Expedited Review for Urgent Care Claims. In the case of an Urgent Care Claim, a claimant may submit a request for an expedited appeal either in writing or orally. All necessary information for the review, including the Claims Administrator's determination on review, shall be transmitted between the Plan and the claimant by telephone, facsimile, or another similarly expeditious method. To proceed with an expedited

internal appeal, the claimant or the claimant's authorized representative must contact the Claims Administrator and provide at least the following information: (1) the claimant's name; (2) the date(s) of the medical service; (3) the specific medical condition or symptom; (4) the provider's name; (5) the service or supply for which approval of benefits was sought; and (6) any reasons why the appeal should be processed on a more expedited basis. The Claims Administrator shall notify the claimant of its determination on review as soon as possible, taking into account the medical exigencies, but not later than 72 hours after receipt of the claimant's request for review of an adverse benefit determination.

- (c) Pre-Service Claims. In the case of a Pre-Service Claim, the Claims Administrator shall notify the claimant of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 30 days after receipt of a claimant's request for review.
- (d) Post-Service Claims. In the case of a Post-Service Claim, the Claims Administrator shall provide the claimant with notice of its determination on review within a reasonable period of time, but not later than 60 days after receipt of the claimant's request for review.

21.04 If the Claims Administrator Makes an Adverse Benefit Determination on a Mandatory First-Level Internal Appeal. If the Claims Administrator makes an adverse benefit determination on a mandatory first-level internal appeal, it shall provide notice, in a manner calculated to be understood by the claimant of the adverse benefit determination (such determination a "final adverse benefit determination"), which notice shall (1) to the extent required by applicable regulations, include information sufficient to identify the claim involved; the specific reason or reasons for the denial; (2) explain the specific reason for the adverse benefit determination; (3) refer to the specific Plan provisions on which the adverse benefit determination is based; (4) state that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim; (5) describe any voluntary appeal procedures offered by the Plan and a claimant's right to obtain information about such procedures; (6) describe available internal appeals and external review processes, including information regarding how to initiate an appeal; (7) indicate that a claimant has a right to bring a civil action under section 502(a) of ERISA following a final adverse benefit determination; and (8) to the extent required by applicable regulations, disclose the availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman who may assist the claimant.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse benefit determination, either the specific rule, guideline, protocol, or other similar criterion shall be provided to the claimant free of charge, or the claimant shall be informed that such rule, guideline, protocol, or other criterion shall be provided free of charge to the claimant upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse benefit determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the claimant's medical circumstances) shall be provided to the claimant free of charge, or the claimant shall be informed that such explanation shall be provided free of charge to the claimant upon request.

If the Claims Administrator denies an urgent care claim on review, the Claims Administrator may provide oral notice of its determination, then follow up with a written or electronic confirmation within three days.

In addition, the notice shall include the following statement: "A claimant and his or her plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact the local U.S. Department of Labor office."

21.05 Voluntary Second-Level Internal Appeal to the Claims Administrator of Pre- and Post-Service Claim Denials.

- (a) General. If the Claims Administrator makes an adverse benefit determination with respect to a Pre-Service Claim or a Post-Service Claim on a mandatory first-level internal appeal, a claimant or his or her duly authorized representative may request a review of such adverse benefit determination by the Claims Administrator by sending a written request for a voluntary second-level internal appeal to the Claims Administrator within 60 days of receipt of the Claims Administrator's notice of denial of the mandatory first-level internal appeal. A claimant is not required to request a voluntary second-level internal appeal before submitting a request for an independent external review. However, if a claimant requests a voluntary second-level internal appeal, the claimant must obtain a determination on such appeal before requesting an independent external review.

The Plan waives any right to assert that a claimant failed to exhaust administrative remedies because the claimant did not request a voluntary second-level internal appeal. The Plan agrees that any statute of limitations or other defense based upon timeliness is tolled during the time that any properly initiated second-level voluntary internal appeal is pending. The Claims Administrator will, upon request, provide a claimant with information relating to the voluntary second-level internal appeal to enable the claimant to make an informed judgment about whether to request such an appeal. A claimant's decision whether or not to request a voluntary second-level internal appeal will have no effect on such claimant's right to any other benefits under the Plan.

Requests for review should be sent to the Claims Administrator at the address furnished by the Plan Administrator from time to time.

A claimant may submit written comments, documents, records, and other information relating to his or her claim for benefits. Upon request, a claimant shall receive, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim.

A claimant's written request should state why he or she thinks the claim should not have been denied. The claimant's request shall include any denial letter he or she received and any additional documents, information or comments he or she thinks may have a bearing on the claim.

Upon receipt of a request for review, the Claims Administrator shall conduct a review that takes into account all comments, documents, records, and other information submitted by a claimant or his or her authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review shall not afford any deference to the Claims Administrator's adverse benefit determination on appeal, and shall be conducted by an

individual who is neither the individual who made the adverse benefit determination that is subject of the appeal, nor the subordinate of such individual.

If the denial was based in whole or in part on a medical judgment, the Claims Administrator shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional consultant shall be neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual. The Claims Administrator shall provide to the claimant upon request the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

- (b) Pre-Service Claims. In the case of a Pre-Service Claim, the Claims Administrator shall notify the claimant of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 30 days after receipt of a claimant's request for review.
- (c) Post-Service Claims. In the case of a Post-Service Claim, the Claims Administrator shall provide the claimant with notice of its determination on review within a reasonable period of time, but not later than 60 days after receipt of the claimant's request for review.

21.06 If the Claims Administrator Makes an Adverse Benefit Determination on a Voluntary Second-Level Internal Appeal. If the Claims Administrator denies all or any portion of a claim on a voluntary second-level internal appeal, it shall provide notice, in a manner calculated to be understood by the claimant of the adverse benefit determination, which notice shall (1) to the extent required by applicable regulations, include information sufficient to identify the claim involved; the specific reason or reasons for the denial; (2) explain the specific reason for the adverse benefit determination; (3) refer to the specific Plan provisions on which the adverse benefit determination is based; (4) state that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim; (5) describe any voluntary appeal procedures offered by the Plan and a claimant's right to obtain information about such procedures; (6) describe available internal appeals and external review processes, including information regarding how to initiate an appeal; (7) indicate that a claimant has a right to bring a civil action under section 502(a) of ERISA following a final adverse benefit determination; and (8) to the extent required by applicable regulations, disclose the availability of, and contact information for, an applicable office of health insurance consumer assistance or ombudsman who may assist the claimant.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse benefit determination, either the specific rule, guideline, protocol, or other similar criterion shall be provided to the claimant free of charge, or the claimant shall be informed that such rule, guideline, protocol, or other criterion shall be provided free of charge to the claimant upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse benefit determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the claimant's medical circumstances) shall be provided to the claimant free of charge, or the claimant shall be informed that such explanation shall be provided free of charge to the claimant upon request.

In addition, the notice shall include the following statement: "A claimant and his or her plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact the local U.S. Department of Labor office."

21.07 Full and Fair Review. In connection with a claim or internal appeal, the Claims Administrator will provide a claimant, free of charge, with any new or additional evidence considered, relied upon, or generated by the Plan (or at the direction of the Plan) in connection with a claim. Such evidence will be provided in advance of the date on which a notice of a final internal adverse benefit determination is required to be provided. In addition, before a claimant receives a final internal adverse benefit determination on review based upon a new or additional rationale, the Claims Administrator will provide to the claimant, free of charge, the rationale. The rationale will be provided in advance of the date on which a notice of a final internal adverse benefit determination is required to be provided.

21.08 Voluntary External Review by Independent Review Organization.

(a) General. If the Claims Administrator makes an adverse benefit determination or final adverse benefit determination, a claimant may be entitled to obtain an independent external review pursuant to federal law. External review is not available in connection with a denial, reduction, termination or failure to provide payment for a benefit based upon a determination that a claimant fails to meet the requirements for eligibility under the terms of the Plan. Also, with respect to claims for which external review has not been initiated before September 20, 2011, external review applies only to an adverse benefit determination (including a final internal adverse benefit determination) by the Claims Administrator that involves medical judgment or a rescission of coverage (whether or not the rescission has any effect on any particular benefit at that time). A claimant does not need to pursue an external review in order to complete or exhaust the appeal procedure described above. A claimant's decision to seek an independent external review will not affect the claimant's rights to any other benefits under the Plan. There is no charge to initiate an independent external review. The external review decision is final and binding on all parties except for any relief available through ERISA.

(b) Standard External Review. This subsection (b) sets forth procedures for standard external review. Standard external review is external review that is not considered expedited (as described in subsection (c) below).

(1) If the Claims Administrator makes an adverse benefit determination or a final adverse benefit determination, a claimant or his or her duly authorized representative may file a request for an external review under federal law within four months of the date the claimant received notice of an adverse benefit determination or final internal adverse benefit determination. A claimant's request must be in writing, unless the Claims Administrator determines that it is not reasonable to require a written statement. A claimant does not have to resubmit information that was submitted for the initial claim or internal appeal.

(2) Within five business days following the date an external review request is received, the Claims Administrator will complete a preliminary review of the request to determine whether:

(A) The claimant is or was covered under the Plan at the time the health care item or service was requested or, in the case of a retrospective review,

was covered under the Plan at the time the health care item or service was provided;

- (B) The adverse benefit determination or the final adverse benefit determination does not relate to the claimant's failure to meet the requirements for eligibility under the terms of the Plan and, for external reviews initiated after September 20, 2011, the adverse benefit determination or the final adverse benefit determination involves medical judgment or a rescission of coverage;
 - (C) The claimant has exhausted the Plan's internal appeal process, unless the claimant is not required to exhaust such process under applicable federal regulations;
 - (D) The claimant has provided all the information and forms required to process an external review.
- (3) Within one business day after completion of its preliminary review, the Claims Administrator will notify the claimant in writing of the results of such review. If the request is complete, the Claims Administrator will assign an IRO to conduct the external review.
 - (4) The assigned IRO is required to notify the claimant in writing of the eligibility of the request and of the acceptance of the request for external review. Within ten business days following the date of the claimant's receipt of such notice, the claimant may submit in writing to the assigned IRO additional information that the IRO must consider when conducting the external review. The IRO is not required to, but may, accept and consider additional information submitted after ten business days.
 - (5) Within five business days after the date of assignment of the IRO, the Plan must provide to the assigned IRO the documents and any information considered in making the adverse benefit determination or final internal adverse benefit determination. If the Plan fails to provide the documents and information on a timely basis, the assigned IRO may terminate the external review and make a decision to reverse the adverse benefit determination or final internal adverse benefit determination. The IRO will notify the claimant and the Plan within one business day after making any such decision.
 - (6) Upon receipt of any information submitted by the claimant, the assigned IRO must within one business day forward the information to the Plan. Upon receipt of any such information, the Plan may reconsider its adverse benefit determination or final internal adverse benefit determination that is the subject of the external review. The external review may be terminated as a result of the reconsideration only if the Plan decides, upon completion of its reconsideration, to reverse its adverse benefit determination or final internal adverse benefit determination and provide coverage or payment. Within one business day after making such a decision, the Plan must provide written notice of its decision to the claimant and to the assigned IRO. The assigned IRO is required to terminate the external review upon receipt of any such notice from the Plan.

- (7) The IRO is required to review all of the information and documents timely received. In reaching a decision, the assigned IRO will review the claim *de novo* and will not be bound by any decisions or conclusions reached during the Plan's internal claims and appeals process. In addition to the documents and information provided, the assigned IRO, to the extent the information or documents are available and the IRO considers them appropriate, will consider the following in reaching a decision:
- (A) The claimant's medical records;
 - (B) The attending health care professional's recommendation;
 - (C) Reports from appropriate health care professionals and other documents
 - (D) The terms of the Plan, to ensure that the IRO's decision is not contrary to the terms of the Plan;
 - (E) Appropriate practice guidelines, which must include applicable evidence-based standards and may include any other practice guidelines developed by the Federal government, national or professional medical societies, boards and associations;
 - (F) Any applicable clinical review criteria developed and used by the Plan, unless the criteria are inconsistent with the terms of the Plan or with applicable law;
 - (G) The opinion of the IRO's clinical reviewer or reviewers after considering the information above and applicable Federal guidance, to the extent the information or documents are available and the clinical reviewer or reviewers consider such information or documents appropriate.
- (8) The assigned IRO is required to provide written notice of the final external review decision within 45 days after it receives the request for the external review. The IRO must deliver the notice of final external review decision to the claimant and to the Plan. The assigned IRO's decision notice on external review will contain:
- (A) A general description of the reason for the request for external review, including information sufficient to identify the claim;
 - (B) The date the IRO received the assignment to conduct the external review and the date of the IRO decision;
 - (C) References to the evidence or documentation, including the specific coverage provisions and evidence-based standards, considered in reaching its decision;
 - (D) A discussion of the principal reason or reasons for its decision, including the rationale for its decision and any evidence-based standards that were relied on in making its decision;

- (E) A statement that the determination is binding except to the extent that other remedies may be available under State or Federal law to either the Plan or to the claimant;
 - (F) A statement that judicial review may be available to the claimant; and
 - (G) Current contact information, including phone number, for any applicable office of health insurance consumer assistance or ombudsman.
- (c) Expedited External Review. This subsection (c) sets forth procedures for expedited external review.
- (1) If the Claims Administrator makes an adverse benefit determination or final adverse benefit determination, and the claim is an urgent care claim or a concurrent care claim, the claimant may proceed with an expedited external review without filing an internal appeal or while simultaneously pursuing an expedited appeal through the Plan's internal appeal process.
 - (2) The claimant or his or her authorized representative may request an expedited external review orally or in writing. All necessary information for the review, including the Claims Administrator's determination, may be transmitted between the Claims Administrator and the claimant by telephone, facsimile, or another similarly expeditious method. To proceed with an expedited external review, the claimant or his or her authorized representative must contact the Claims Administrator and provide at least the following information:
 - (A) The claimant's name;
 - (B) The date(s) of the medical service;
 - (C) The specific medical condition or symptom;
 - (D) The provider's name
 - (E) The service or supply for which approval of benefits was sought; and
 - (F) Any reasons why the appeal should be processed on a more expedited basis.
 - (3) Upon receipt of a request for expedited external review, the Claims Administrator will determine whether the request meets the reviewability requirements set forth above for standard external review. The Claims Administrator will notify the claimant in writing of the results of such review.
 - (4) If the Claims Administrator determines that a request is eligible for external review, the Claims Administrator will assign an IRO to conduct the review.
 - (5) The assigned IRO, to the extent the information or documents are available and the IRO considers them appropriate, will consider the information or documents described above under the procedures for standard external review. In reaching a decision, the assigned IRO will review a claim *de novo* and is not bound by any decisions or conclusions reached during the Plan's internal claims and appeals process.

- (6) The IRO is required to notify the claimant of the final external review decision as expeditiously as the claimant's medical condition or circumstances require, but in no event more than 72 hours after the IRO receives a request for an expedited external review. If the notice is not in writing, within 48 hours after the date of providing that notice, the assigned IRO is required to provide written confirmation of the decision to the claimant and to the Plan.

21.09 Limitations Upon Civil Actions. No civil action regarding a claim for benefits under the Plan may be commenced unless the claims procedure process for internal appeals described in this Article XXI (but not including any voluntary appeal provided for in Section 21.05) has been exhausted. In addition, in no event may any civil action regarding a claim for benefits be commenced later than three years after the date such claim was incurred. A claim for benefits is incurred when the services giving rise to the claim were rendered.

21.10 Construction of Article. This Article shall be construed in a manner consistent with Department of Labor Regulations governing claims procedures applicable to group health plans.

ARTICLE XXII TERMINATION OF PARTICIPATION AND CONTINUATION COVERAGE

22.01 Cessation of Participation. Except as otherwise provided in this Article:

- (a) An Employee shall cease to participate in the Plan on the earliest of the following dates:
- (1) The date as of which the Plan is terminated;
 - (2) The date that the Plan is amended to terminate coverage with respect to an Employee;
 - (3) The date of death of the Employee;
 - (4) The last day of the month in which an Employee is no longer eligible for coverage under Article III;
 - (5) The last day of the month in which an Employee commences active duty in the armed forces, except to the extent continuation coverage is required pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 and except as provided in the NiSource Military Leave of Absence Policy;
 - (6) The last day of the last month for which any required Covered Person Contribution was made, in the case of cessation of required Covered Person contributions;
 - (7) The last day of the month in which a leave of absence begins, except to the extent continuation coverage is required under Section 22.02 (relating to coverage required by the FMLA); or
 - (8) The last day of the month in which an Employee terminates employment, unless the Employee elects coverage as a Retiree prior to his or her retirement.

If, after the Employee ceases to be actively employed due to his or her purported disability or other approved leave status, an Employer under its personnel policies

continues to treat an individual as an Employee generally eligible for health and welfare benefits offered by the Employer, then the Employee will continue to be treated as an Employee eligible to participate in the Plan, subject to the terms and conditions of the Plan. Provided, however, that such participation shall cease upon the earliest of any event set forth in (1) through (6) and (8) above.

- (b) A Retiree shall cease to participate in the Plan on the earliest of the following dates:
- (1) The date as of which the Plan is terminated;
 - (2) The date the Retiree attains age 65;
 - (3) The date of the death of the Retiree;
 - (4) The last day of the last month for which any required Covered Person Contribution was made, in the case of cessation of required Covered Person Contributions; or
 - (5) The date Retiree coverage ceases pursuant to any Plan amendment.
- (c) A Dependent shall cease to participate in the Plan on the earliest of the following dates:
- (1) The date as of which the Plan is terminated;
 - (2) The last day of the month in which the Employee's or Retiree's coverage ends, except that
 - (A) if coverage ends due the death of an Employee or Retiree before January 1, 2004, coverage may be continued for his or her Dependents covered under the Plan on the date of such Employee's or Retiree's death in accordance with a written plan or procedure, if any, applicable to such Employee or Retiree that was adopted by the Company and in effect as of December 31, 2003, as such plan or procedure was thereafter, or may hereafter, be modified by the Company;
 - (B) if coverage ends due to the death of an Employee or Retiree on or after January 1, 2004, coverage will be continued for his or her Dependents covered under the Plan on the date of such Employee's or Retiree's death until the earlier of (i) the date of the death of the Employee's or Retiree's spouse; (ii) the last day of the month in which the Employee's or Retiree's spouse remarries; (iii) the last day of the last month for which any required Covered Person Contributions for such continuation coverage are made, in the case of cessation of required Covered Person Contributions; (iv) with respect to a Dependent Child, the last day of the month in which such Dependent would no longer be considered a Dependent under the Plan, had the Employee or Retiree survived; (v) with respect to any Dependent of a Employee, the date such Dependent attains age 65; and (vi) the date the Employer of such Employee or Retiree ceases to be a Related Employer, unless the Plan Administrator determines, in its discretion, that such event shall not cause a loss of coverage.

- (C) if a Retiree's coverage under this Plan ends because such Retiree attains age 65, and if such Retiree timely and properly enrolls in the Post-65 Retiree Medical Plan, the Dependent's coverage under this Plan may continue, subject to the other terms and conditions of this Plan, if the Dependent is otherwise eligible for coverage hereunder; and
 - (D) if coverage ends due to the death of any other Employee or Retiree, coverage for his or her Dependents will end on the date of the Employee's or Retiree's death;
- (3) The last day of the last month for which any required Covered Person Contributions for Dependent coverage were made, in the case of cessation of required Covered Person Contributions; or
 - (4) The last day of the month in which a Dependent no longer qualifies as a Dependent, except to the extent continuation coverage is required under Section 22.06 (relating to coverage required by Michelle's Law).

22.02 Leave of Absence Under the FMLA. Eligibility for Plan coverage shall continue for an Employee who is granted a leave of absence under the FMLA at the same level of contribution and under the same conditions as if the Employee had continued in employment. However, to the extent permitted by the FMLA, the Company may recover from the Employee its cost of coverage and benefits provided hereunder if the Employee fails to return from leave for reasons other than the continuation or onset of a serious health condition (as defined in the FMLA), or other circumstances beyond the control of the Employee. The Company may require that a claim that an Employee is unable to return to work because of the continuation, recurrence, or onset of a serious health condition be supported by certification of a health care provider.

22.03 Military Leave Policy. Coverage for a Covered Person shall continue to the extent provided under the NiSource Military Leave of Absence Policy and as required by applicable state or federal law.

22.04 Severance. Eligibility for Plan coverage shall continue for an Employee to the extent provided under any severance arrangement between such Employee and the Company. The level of contribution and the conditions of such continuation coverage shall be determined by the terms of the applicable severance agreement. The Plan's COBRA continuation of coverage provisions will be available to the extent required by law. Unless a severance arrangement expressly provides to the contrary, continuation coverage pursuant to this Section shall be deemed to be "subsidized COBRA Continuation Coverage" and shall count towards the maximum COBRA Continuation Coverage period.

22.05 COBRA. The Plan offers continuation of coverage to the extent required by COBRA.

- (a) Continuation of Coverage. If Plan coverage ends because of a Qualifying Event, a Qualified Beneficiary may elect to continue the Coverage Option in force immediately prior to the Qualifying Event, subject to the provisions below.
- (b) Election Period. A Qualified Beneficiary may elect COBRA Continuation Coverage only during the election period. The election period begins on the date of the Qualifying Event and ends on the later of (1) 60 days after the date coverage would have stopped due to the Qualifying Event; or (2) 60 days after the date the Qualified Beneficiary is sent notice of the right to continue coverage under COBRA.

A Covered Employee or spouse's election of COBRA Continuation Coverage shall be considered an election on behalf of all other Qualified Beneficiaries who would also lose coverage because of the same Qualifying Event.

If COBRA Continuation Coverage is elected within the election period, coverage shall be reinstated retroactively to the date of the Qualifying Event. If a Qualified Beneficiary waives COBRA Continuation Coverage during the election period, the Qualified Beneficiary may revoke that waiver at any time before the end of the election period and elect COBRA Continuation Coverage retroactive to the date of the Qualifying Event.

(c) Coverage Period. COBRA Continuation Coverage shall begin as of the date of the Qualifying Event and shall continue until the earliest of the following dates:

- (1) The date the Qualified Beneficiary first becomes entitled to benefits under Medicare.
- (2) 18 months from the date of a Qualifying Event set forth in subsection 2.76(a) or (b).
- (3) If a Qualifying Event set forth in subsection 2.76(a) or (b) occurs less than 18 months after the date a Covered Employee becomes entitled to Medicare benefits, the period of coverage for each Qualified Beneficiary other than the Covered Employee shall not terminate before the close of the 36-month period beginning on the date the Covered Employee becomes entitled to Medicare.
- (4) If any Qualified Beneficiary is determined by the Social Security Administration to have been disabled at any time during the first 60 days of COBRA Continuation Coverage resulting from a Qualifying Event set forth in subsection 2.76(a) or (b), any Qualified Beneficiary may elect an additional 11 months of COBRA Continuation Coverage if:
 - (A) The disabled Qualified Beneficiary provides the Plan Administrator with the Social Security Administration's determination of disability within 60 days of the date the determination is issued and within the initial 18 month COBRA Continuation period; and
 - (B) The Qualified Beneficiary agrees to pay the increased Covered Person Contribution necessary to continue the coverage for the additional 11 months.

COBRA Continuation Coverage shall automatically end before the additional 11-month period ends on the first day of the month coincident with or next following 30 days from the date that the Social Security Administration determines that the Qualified Beneficiary is no longer disabled.

- (5) 36 months from the date coverage would have ended due to a Qualifying Event other than that set forth in subsection 2.76(a) or (b).
- (6) The date on which the Company ceases to provide any Group Health Plan to any Employee.

- (7) If the Qualified Beneficiary fails to make a required Covered Person Contribution, the end of the period for which the last Contribution was made.
 - (8) The date the Qualified Beneficiary first becomes covered under any other Group Health Plan that does not contain any exclusion or limitation with respect to any pre-existing condition, and such pre-existing condition limitation is permissible pursuant to HIPAA.
 - (9) In the case of a Qualifying Event described in subsection 2.76(g), the date of death of the Retiree or, for a Qualified Beneficiary (described in subsection 2.75(c)) who is the surviving spouse or Dependent Child of the Retiree, the earlier of the date of such Qualified Beneficiary's death or 36 months after the date of the death of the Retiree.
- (d) Multiple Qualifying Events. If after the first Qualifying Event another Qualifying Event occurs, coverage may be continued for an additional period, up to 36 months from the first Qualifying Event.
 - (e) Notification Requirements. A Qualified Beneficiary shall notify the Plan Administrator within 60 days of the Qualifying Events set forth in subsection 2.76(e) or (f) or of a second Qualifying Event described in subsection 22.05(d). If such notice is not given, the Qualified Beneficiary shall not be eligible for COBRA Continuation Coverage.
 - (f) Required Contributions. Except as provided in subsection 22.05(g), the Company will not make any contribution toward the cost of COBRA Continuation Coverage. A Qualified Beneficiary electing COBRA Continuation Coverage shall be responsible for a Covered Person Contribution in the amount of 102% of what is calculated to be the total cost of the Coverage Option being continued, or in the case of an individual who is entitled to extended COBRA Continuation Coverage beyond 18 months pursuant to subsection 22.05(c)(4), 150% of what is calculated to be the average cost of the Coverage Option being continued. Premiums for the period of COBRA Continuation Coverage prior to the date of the election will be due 45 days after the COBRA Continuation Coverage is elected. Thereafter, monthly premiums shall be due the first day of the calendar month. There shall be a grace period of 30 days for the payment of regularly scheduled monthly premiums.
 - (g) Subsidized COBRA. The Company may subsidize all or a portion of the cost of COBRA Continuation Coverage. If the Company so elects, the period of such subsidized coverage shall count towards the COBRA Continuation Coverage period required under this Section.

22.06 Leave of Absence Under Michelle's Law. Eligibility for Plan coverage for a Dependent Child who was covered under the Plan on the basis of being a student at a postsecondary educational institution (including an institution of higher education as defined in section 102 of the Higher Education Act of 1965) immediately before the first day of a Medically Necessary Leave of Absence shall continue until the earlier of (i) the date that is one (1) year after the first day of the Medically Necessary Leave of Absence, or (ii) the date on which such coverage would otherwise terminate under the terms of the Plan. For such right to continued coverage to apply, the Plan must receive timely written certification by a treating physician of the Dependent Child which states that such Child is suffering from a serious illness or injury and that the leave of absence or other change of enrollment is medically necessary.

ARTICLE XXIII
PROVISIONS CONCERNING PROTECTED HEALTH INFORMATION

- 23.01 General.** The Department of Health and Human Services has issued Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards"), effective April 14, 2003, that govern the manner in which the Plan must handle Protected Health Information. "Protected Health Information" means individually identifiable health information related to a Covered Employee or Dependent.
- 23.02 Permitted Uses and Disclosure.** The Plan may use and disclose Protected Health Information to carry out payment and health care operations without consent or authorization. If the Plan must use and disclose Protected Health Information for purposes other than payment or health care operations, patient authorization for such use or disclosure shall be required, unless such use or disclosure is expressly permitted by the Policies and Procedures Regarding Protected Health Information related to the Plan or the Privacy Standards.
- 23.03 Disclosures to Company.** The Plan may disclose Protected Health Information to the Company to the extent that such disclosure is permissible under law, but prior to any such disclosure the Company shall certify that (1) the Plan documents have been amended as required by the Privacy Standards; and (2) the Company has agreed to certain conditions set forth in the Privacy Standards regarding the use and disclosure of that Protected Health Information.

The Company, in its capacity as sponsor of the Plan, agrees to:

- (a) not use or further disclose Protected Health Information received from the Plan other than as permitted or required by the Plan documents or as required by law;
- (b) ensure that any agents to whom it provides Protected Health Information received from the Plan agree to the same restrictions and conditions that apply to the Company with respect to such information;
- (c) not use or disclose Protected Health Information received from the Plan for employment-related actions and decisions;
- (d) not use or disclose Protected Health Information received from the Plan in connection with any other benefit or employee benefit plan of the Company (except to the extent that such other benefit, or benefit plan, program, or arrangement is part of an organized health care arrangement of which the Plan is a part);
- (e) report to the Privacy Official, acting on behalf of the Plan, any use or disclosure of Protected Health Information received from the Plan that is inconsistent with the uses or disclosures authorized by this Section and of which the Company becomes aware;
- (f) make available Protected Health Information in accordance with 45 C.F.R. § 164.524 (pertaining to an individual's access to his or her own Protected Health Information) and in accordance with the Policies and Procedures Regarding Protected Health Information related to the Plan;
- (g) make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 C.F.R. § 164.526 and in accordance with the Policies and Procedures Regarding Protected Health Information related to the Plan;

- (h) make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528 and in accordance with the Policies and Procedures Regarding Protected Health Information related to the Plan;
- (i) make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Secretary of Health and Human Services (“HHS”) or to any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the Plan with 45 C.F.R. Subchapter C, Subpart E; and
- (j) if feasible, return or destroy all Protected Health Information received from the Plan that the Company still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, the Company shall limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

The foregoing restrictions do not apply to disclosures of enrollment information or summary health information by or on behalf of the Plan to the Company or any other Employer, acting in their respective capacities as an employer.

23.04 Adequate Separation. There shall be adequate separation between the Plan and the Company to help ensure that only persons involved in Plan administration have access to Protected Health Information. Only the following employees, classes of employees or other persons under the control of the Company or its affiliates may have access to Protected Health Information created under the Plan:

- Privacy Official
- Security Official
- Members of the Benefits Department
- HRIS-Benefits Analyst
- Members of the Legal Department
- Members of the Internal Audit Department
- Members of the Committee
- Any other employee of the Company or its affiliates who performs plan administration functions for the Plan and who is designated in writing by the Privacy Official or a member of the Committee as being entitled to access to Protected Health Information.

Access to and use by such individuals shall be restricted to the plan administration functions that the Company and its affiliates perform for the Plan. The Plan or the Company (or an affiliate) has retained one or more third party administrators and others that receive Protected Health Information in the ordinary course of business performed on behalf of the Plan. Such persons or entities, known in the Privacy Standards as “Business Associates,” shall enter into agreements with the Plan governing their obligations under the Privacy Standards.

23.05 Unauthorized Use or Disclosure. The improper use or disclosure of Protected Health Information by an employee of Company (or an affiliate) shall be governed by the Policies and Procedures Regarding Protected Health Information related to the Plan. The terms of the applicable Business Associate Agreement shall address non-compliance with the Privacy Standards by a Business Associate.

- 23.06 Special Amendatory Authority.** The Privacy Official appointed by the Plan Administrator pursuant to the Privacy Standards shall be authorized to make and execute any amendment to this Article that such Privacy Official deems necessary or appropriate.

**ARTICLE XXIV
PROVISIONS CONCERNING THE SECURITY OF
ELECTRONIC PROTECTED HEALTH INFORMATION**

- 24.01 General.** The Department of Health and Human Services has issued Regulations, effective April 20, 2005, that govern the manner in which a group health plan, such as the Plan, must handle Electronic Protected Health Information. "Electronic Protected Health Information" refers to Protected Health Information that is (i) maintained in "Electronic Media," or (ii) transmitted by Electronic Media. "Electronic Media" means electronic storage media including, without limitation, memory devices in computers (e.g., hard drives) and any removable or transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card. Electronic Media also includes Transmission Media used to exchange information already in electronic storage media. "Transmission Media" includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable or transportable electronic storage media. Paper, facsimile, voice (via telephone) and similar transmissions are not considered transmissions via Electronic Media, because the information being exchanged did not exist in electronic form before the transmission.
- 24.02 Duty of the Plan Sponsor.** The Company shall reasonably and appropriately safeguard Electronic Protected Health Information created, received, maintained or transmitted to or by the Company on behalf of the Plan. To this end, the Company shall: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Electronic Protected Health Information that the Company creates, receives, maintains or transmits on behalf of the Plan; (ii) ensure that the adequate separation required by Section 23.04 above is supported by reasonable and appropriate security measures; (iii) ensure that any agent, including a subcontractor, to whom or which the Company provides Electronic Protected Health Information agrees to implement reasonable and appropriate security measures to protect such Electronic Protected Health Information; and (iv) report to the Plan any security incident involving Electronic Protected Health Information of which the Company becomes aware.

**ARTICLE XXV
MISCELLANEOUS PROVISIONS**

- 25.01 Assignment of Benefits.** A Covered Person may assign benefits otherwise payable to the Covered Person or to the persons or institutions providing care covered under the Plan. No such assignment, however, shall be binding on the Plan unless the Claims Administrator is notified in writing of such assignment prior to payment hereunder. Otherwise, except as required by law, no benefit payable at any time under the Plan shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or, in any other manner, and no benefit payable under the Plan shall be liable for, or subject to, any obligation or liability of any Covered Person. If any Covered Person entitled to a benefit under the Plan attempts to alienate, sell, transfer, assign, pledge or otherwise impede a benefit or any part, or if by reason of his or her bankruptcy or other event happening at any time, a benefit devolves upon

anyone else or would not be enjoyed by him or her, then the Plan Administrator in its discretion, which will be exercised uniformly by treating individuals in similar circumstances alike, may terminate his or her interest in any such benefit and hold or apply it to or for his or her benefit or the benefit of his or her Dependents, in a manner the Plan Administrator may deem proper.

- 25.02 Information To Be Furnished.** Covered Persons shall provide such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan.
- 25.03 Limitation of Rights.** Neither the establishment of the Plan nor any amendment thereof, nor the payment of any benefits, will be construed as giving to any Covered Person any legal or equitable right against the Company or any Employer, except as provided herein.
- 25.04 Plan Not Contract.** The Plan shall not be deemed to constitute a contract between the Company or any Employer and any Participant or to be a consideration for, or an inducement or condition of, the employment of any Employee. Nothing in the Plan shall be deemed to give any Employee the right to be retained in the service of the Company or of any Employer or to interfere with the right of the Company or of any Employer to discharge any Employee at any time; provided, however, that the foregoing shall not be deemed to modify the provisions of any collective bargaining agreement that may be made by the Company with the bargaining representative of any Employee.
- 25.05 Fiduciary Operation.** Each Plan Fiduciary shall discharge his or her duties with respect to the Plan solely in the interest of the participants and beneficiaries (as those terms are defined in ERISA) and (1) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan; (2) with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and (3) in accordance with the documents and instruments governing the Plan, except as otherwise required by law.
- 25.06 No Guaranty.** No person shall have any right or interest in the Plan other than as specifically provided herein. Except to the extent required by law, neither the Company nor any Employer shall be liable for the payment of any benefit provided for herein; all benefits hereunder shall be payable only from the Plan, and only to the extent that the Plan has been allocated sufficient assets.
- 25.07 Misrepresentation.** Any material misrepresentation on the part of any Covered Person in making application for coverage, or any application for reclassification thereof, shall render the coverage null and void.
- 25.08 Inadvertent Error.** Inadvertent error by the Plan Administrator in the keeping of records or the transmission of any Enrollment Form shall not deprive any Participant or Dependent of benefits otherwise due, if such inadvertent error is corrected by the Plan Administrator within 90 days after it was made.
- 25.09 No Limitation of Management Rights.** Participation in the Plan shall not lessen the responsibility of an Employee to perform his or her duties satisfactorily, or affect the rights of the Company or of any Employer to discipline or terminate an Employee.
- 25.10 No Liability for Acts of Any Provider.** Nothing contained herein shall confer upon a Covered Person any claim, right or cause of action, either at law or at equity, against the Plan for the acts

of any Hospital in which he or she receives care, or for the acts of any Physician from whom he or she receives service under this Plan.

- 25.11 Covered Persons Responsibilities.** Each Covered Person is responsible for providing the Plan Administrator with his or her current address. Any notices required or permitted to be given shall be deemed given if directed to such address and mailed by regular United States mail. Neither the Plan Administrator nor the Claims Administrator shall have any obligation or duty to locate a Covered Person. If a Covered Person becomes entitled to a payment under the Plan and it cannot be made because (1) the current address is incorrect; (2) the Covered Person does not respond to the notice sent to the current address; (3) there are conflicting claims to such payment; or (4) any other reason, the amount of such payment, if and when made, shall be that determined under the terms of the Plan, without interest. Each Participant shall also notify the Plan in writing when any person is no longer eligible for coverage as his or her Dependent hereunder.
- 25.12 Right of Recovery.** Whenever the Plan, for whatever reason, has overpaid the amount of benefits that should have been provided, the Plan shall have the right to recover such payments, to the extent of such excess, from among one or more of the following as the Plan shall determine: any persons to, or for, or with respect to whom, such payments were made, and/or any insurance company or other organization.
- 25.13 Governing Law.** The Plan shall be governed by and construed according to ERISA, the Code, and the laws of the State of Indiana, to the extent Indiana law does not conflict with the Code and ERISA, and to the extent Indiana law is not preempted by ERISA.
- 25.14 Severability.** In the event any portion of this Plan is declared by a court of competent jurisdiction to be void, said portion shall be deemed severed from the remainder of this Plan, and the balance of the Plan shall remain in full force and effect.
- 25.15 Participant Litigation.** In any action or proceeding involving the Plan, Covered Persons or any other person having or claiming to have an interest in the Plan shall not be necessary parties to such action or proceeding and shall not be entitled to any notice or process thereof, except as required by applicable law. Any final judgment which is not appealed or appealable that may be entered in any such action or proceeding shall be binding and conclusive upon the parties hereto and upon all persons having or claiming to have any interest in the Plan. To the extent permitted by law, if a legal action is begun against the Company or other organization or institution providing benefits under the Plan by or on behalf of any person, and such action results adversely to such person or, if a legal action arises because of conflicting benefit claims, the cost to the Company or other organization or institution of defending the action will be charged to the sums, if any, which were involved in the action or were payable to the Covered Person or other person concerned. To the extent permitted by applicable law, an election to become a Covered Person under the Plan shall constitute a release of the Company and its agents from any and all liability and obligation not involving willful misconduct or gross neglect.
- 25.16 Counterparts.** This Plan document may be executed in any number of identical counterparts, each of which shall be deemed a complete original in itself and may be introduced in evidence or used for any other purpose without the production of any other counterparts.
- 25.17 Notice.** Any notice given under this Plan shall be sufficient, if given to the Plan Administrator when addressed to it at its office; if given to the Claims Administrator, when addressed to it at its home office; or if given to a Participant, when addressed to the Participant at his or her address as it appears on the records of the Claims Administrator.

25.18 Extension of Plan to Related Employers.

- (a) With the approval of the Plan Administrator, any Related Employer may adopt the Plan and qualify its Employees and Retirees to become Participants hereunder by taking such action to adopt the Plan and making such contributions to the cost of coverage as the Plan Administrator may require.
- (b) The Plan will terminate with respect to any Employer that has adopted the Plan pursuant to this Section if the Employer ceases to be a Related Employer, revokes its adoption of the Plan by appropriate corporate action, permanently discontinues any required contributions for its Employees, is judicially declared bankrupt, makes a general assignment for the benefit of creditors, or is dissolved.
- (c) The Committee shall have the sole right to amend or terminate the Plan and shall act as the agent for each Related Employer that adopts the Plan for all purposes of administration thereof.

**ARTICLE XXVI
FUNDING, AMENDMENT AND TERMINATION OF THE PLAN**

- 26.01 Plan Self-Insured.** The Plan is a self-insured plan. All contributions made to the Plan are used to pay claims and related expenses thereunder.
- 26.02 Participants' and Dependents' Rights Unsecured.** The right of a Covered Person or any other person to receive a distribution hereunder, shall be an unsecured claim against the general assets of the Company and no Covered Person or any other person shall have any rights in any amount allocated for his or her benefit under the terms of the Plan, or any other specific assets of the Company. All amounts allocated pursuant to the terms of the Plan shall constitute general assets of the Company and may be disposed of by the Committee at such time and for such purpose as it may deem appropriate. Benefits payable pursuant to the terms of the Plan shall be paid solely as required out of the general assets of the Company or from any other funding vehicle as may be established by the Company.
- 26.03 Amendment.** The Committee reserves the right at any time and from time to time to change or amend, in whole or in part, any or all of the provisions of the Plan. Unless expressly provided, no amendment shall affect, or be construed to affect, any existing delegations to amend the Plan. Any such amendment may have retroactive or prospective effect. However, no change or amendment shall be made that enables any part of Plan assets to be used for, or diverted to, purposes other than the exclusive benefit of those entitled to benefits hereunder and the payment of reasonable expense of administration. To the extent that any applicable collective bargaining agreement imposes a more restrictive requirement regarding Plan eligibility or benefits than is set forth herein, such requirement, as applied solely to those Represented Employees or Retirees subject to the collective bargaining agreement, is incorporated herein by this reference. Notwithstanding anything contained herein to the contrary, any change or amendment (other than a Plan administration change, the addition or deletion of network providers, drug formulary changes or similar changes) affecting coverage for any NIPSCO Represented Employee, Retiree or Dependent shall only be made effective as of January 1 of any year, and notification of such change or amendment shall be made to affected NIPSCO Represented Employees or Retirees during the Annual Enrollment Period.

26.04 Termination. The Company is not and shall not be under any obligation or liability whatsoever to continue its contributions or to maintain the Plan for any given length of time. In their sole and absolute discretion, the Company may discontinue contributions to the Plan and the Committee may terminate the Plan, in whole or in part, at any time, in each case without liability for such discontinuance or termination.

26.05 Collective Bargaining Agreement. Notwithstanding the foregoing provisions of this Article, the right to amend or terminate the Plan shall be subject to the express terms of any applicable collective bargaining agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Committee has caused this amended and restated Plan to be executed on its behalf, by one of its members duly authorized, this 15th day of May, 2012.

NISOURCE BENEFITS COMMITTEE

By: Jeressa M. Smith

One of the Members of the Committee

EXHIBIT A
ADOPTING RELATED EMPLOYERS

- Bay State Gas Company
- Columbia Energy Group
- Columbia Gas of Kentucky, Inc.
- Columbia Gas of Maryland, Inc.
- Columbia Gas of Ohio, Inc.
- Columbia Gas of Pennsylvania, Inc.
- Columbia Gas of Virginia, Inc.
- Columbia Gas Transmission Corporation
- Columbia Gulf Transmission Company
- CNS Microwave, Inc.
- Crossroads Pipeline Company
- Energy Interchange, LLC
- EnergyUSA-TPC Corp.
- Kokomo Gas and Fuel Company
- NI Energy Services, Inc.
- NiSource Corporate Services Company
- NiSource Development Company, Inc.
- NiSource Energy Technologies, Inc.
- NiSource Gas Transmission & Storage Company
- NiSource Midstream Services, LLC
- NiSource Retail Services, Inc.
- Northern Indiana Fuel and Light Company, Inc.
- Northern Indiana Public Service Company
- Northern Indiana Trading Company, Inc.
- PEI Holdings, Inc.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

40. Provide detailed descriptions of all early retirement plans or other staff reduction programs Columbia has offered or intends to offer its employees during either the base period or the forecasted test period. Include all cost-benefit analyses associated with these programs.

Response: Columbia has not offered any early retirement plans or staff reduction programs during the base period and does not anticipate doing so during the forecasted test period.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

41. Concerning employee fringe benefits:

a. Provide a detailed list of all fringe benefits available to Columbia employees and the expected cost of each benefit in the base period and the forecasted test period. Indicate any fringe benefits which are limited to management employees.

b. Provide comparative cost information for the 12 months preceding the base period and the base period. Explain any changes in fringe benefits occurring over this 24-month period.

Response:

- a. Please refer to Attachment A of the response.
- b. Please refer to Attachment B of the response. The primary change in fringe benefits over the 24-month period is the recording of pension settlement costs during the base period. Please refer to the response to Staff Data Request No. 043 for additional information regarding the accounting for pension settlement costs. The other major changes between periods relate

to the end of SFAS 106 and SFAS 112 transition obligation amortization during the base period and the SFAS 112 annual accrual adjustment.

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 Employee Fringe Benefits
 Base Period: For the Twelve Months Ended August 31, 2013
 Forecast Period: For the Twelve Months Ended December 31, 2014

<u>Line No.</u>	<u>Description</u>	<u>Base TME 08/31/2013</u> \$	<u>Forecasted TME 12/31/2014</u> \$
1	<u>EMPLOYEE INSURANCE PLANS</u>		
2	Comprehensive Medical Insurance	1,031,964	1,134,144
3	Employee Assistance Plan	11,536	20,064
4	Dental Assistance Plan	76,752	84,432
5	Group Life Insurance	8,434	28,620
6	Long Term Disability	97,482	74,868
7	Insured Plans Transfers	<u>(387,313)</u>	<u>(419,387)</u>
8	Total Employee Insurance Plans	838,855	922,741
9	<u>OTHER POST-EMPLOYMENT BENEFITS</u>		
10	Ongoing OPEB - Medical	92,173	58,332
11	Ongoing OPEB - Group Life	7,144	(25,143)
12	SFAS 106 Amortization	46,950	0
13	SFAS 112 Amortization	17,183	0
14	SFAS 112 Annual Accrual Adjustment	<u>228,426</u>	<u>0</u>
15	Total OPEB	391,876	33,189
16	<u>PENSIONS AND RETIREMENT INCOME</u>		
17	Pension-Retirement Plans	2,066,908	1,179,000
18	Pension-Retirement Plans Transfers	<u>(489,504)</u>	<u>(365,136)</u>
19	Total Pensions and Retirement Income	1,577,404	813,864
20	<u>THRIFT PLAN (401K)</u>		
21	Thrift Plan	371,636	425,016
22	Thrift Plan Contributions Transfers	(108,749)	(129,456)
23	Profit Sharing	<u>57,508</u>	<u>58,044</u>
24	Total Thrift Plan	320,395	353,604
25	TOTAL	<u>3,128,530</u>	<u>2,123,398</u>

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Employee Fringe Benefits
Preceding Period: For the Twelve Months Ended August 31, 2012
Base Period: the Twelve Months Ended August 31, 2013

Line No.	Description	Preceding TME 08/31/2012 \$	Base TME 08/31/2013 \$	Variance \$
1	<u>EMPLOYEE INSURANCE PLANS</u>			
2	Comprehensive Medical Insurance	1,019,342	1,031,964	12,622
3	Employee Assistance Plan	3,367	11,536	8,169
4	Dental Assistance Plan	74,086	76,752	2,666
5	Group Life Insurance	(29,891)	8,434	38,325
6	Long Term Disability	110,913	97,482	(13,431)
7	Insured Plans Transfers	(379,584)	(387,313)	(7,729)
8	Total Employee Insurance Plans	798,233	838,855	40,622
9	<u>OTHER POST-EMPLOYMENT BENEFITS</u>			
10	Ongoing OPEB - Medical	256,970	92,173	(164,797)
11	Ongoing OPEB - Group Life	17,665	7,144	(10,521)
12	SFAS 106 Amortization	281,696	46,950	(234,746)
13	SFAS 112 Amortization	34,365	17,183	(17,182)
14	SFAS 112 Annual Accrual Adjustment	(205,938)	228,426	434,364
15	Total OPEB	384,758	391,876	7,118
16	<u>PENSIONS AND RETIREMENT INCOME</u>			
17	Pension-Retirement Plans	745,467	2,066,908	1,321,441
18	Pension-Retirement Plans Transfers	(178,344)	(489,504)	(311,160)
19	Total Pensions and Retirement Income	567,123	1,577,404	1,010,281
20	<u>THRIFT PLAN (401K)</u>			
21	Thrift Plan	349,756	371,636	21,880
22	Thrift Plan Contributions Transfers	(80,429)	(108,749)	(28,320)
23	Profit Sharing	87,901	57,508	(30,393)
24	Total Thrift Plan	357,228	320,395	(36,833)
25	TOTAL	2,107,342	3,128,530	1,021,188

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

42. Provide a complete description of Columbia's Other Post-Employment Benefits package(s) provided to its employees.

Response:

Please refer to Attachment A of the response for the NiSource Post-65 Retiree Medical Plan. Also, please refer to the response to Data Request No. 039 for the retiree provisions of the current NiSource Medical Plan. Additionally, NiSource provides employees who retire after age 55 with 10 years of service with \$10,000 retiree life for salaried employees and \$25,000 retiree life for hourly employees.

PSC Case No. 2013-00167
Staff Set 1 DR No. 042
Attachment A
Respondent: S. M. Katko
(68 pages)

**NISOURCE POST-65
RETIREE MEDICAL PLAN**

As Amended and Restated
Effective as of January 1, 2011

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ARTICLE I INTRODUCTION

- 1.01 Purpose of Plan.** NiSource Inc. (the "Company") established and maintained the NiSource Consolidated Flex Medical Plan, a component welfare plan of the NiSource Life and Medical Benefits Program, to provide group medical benefits for the participants and beneficiaries thereunder, including for certain Post-65 Retirees (as defined below) and their dependents who have attained age 65 and for certain dependents of Pre-65 Retirees (as defined below) who have attained age 65, under one or more Medicare supplement plan options. Effective September 1, 2010, the Company established the Plan (as defined below) for the purpose of merging and incorporating all such Medicare supplement plan options into a single retiree-only plan that shall be a separate employee welfare benefit plan for purposes of ERISA (as defined below). This is an amended and restated version of the Plan, effective as of January 1, 2011, that reflects certain plan design changes and that clarifies various provisions of the Plan.
- 1.02 Plan Components.** The Plan has 10 components: the BSG MSP Med Only Option, the BSG MSP Rx Option, the BSG MSP Multi-Union Option, the HMO Option, the MAP Med Only Option, the MAP Rx Option, the Medigap Option, the MPP Option, the MSP Option and Other Insured Arrangements. Alternatively, a Post-65 Retiree, or a Pre-65 Retiree Plan Participant on behalf of his eligible dependent, may choose the No Coverage Option.

ARTICLE II DEFINITIONS

The following words and phrases as used in this Plan shall have the following meanings, unless a different meaning is plainly required by the context. A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

- 2.01 "Adopted Child"** means any child legally adopted by, or placed for adoption with, a Participant or a Pre-65 Retiree Plan Participant.
- 2.02 "Annual Enrollment Period"** means the period selected by the Company each year during which time a Retiree may select a Coverage Option to be effective for the following Plan Year.
- 2.03 "BSG"** means Bay State Gas Company, a Massachusetts corporation.
- 2.04 "BSG MSP Med Only Option"** means the BSG Medical Supplement Plan Option, without prescription drug coverage, offered to Retirees pursuant to Article IV.
- 2.05 "BSG MSP Rx Option"** means the BSG Medical Supplement Plan Option, with prescription drug coverage, offered to Retirees pursuant to Article IV.
- 2.06 "Category of Coverage"** means each of the coverage choices described in Section 3.03.
- 2.07 "Child"** means an unmarried person who is either (1) a naturally born child of a Participant or of a Pre-65 Retiree Plan Participant (2) an Adopted Child; (3) a Stepchild; (4) a Foster Child; (5) a Legal Ward who is dependent upon an Retiree for at least 50% of his or her financial support and with respect to whom a Retiree would be allowed a dependent exemption in computing the Retiree's federal taxable income for such year (without giving effect to the Legal Ward's gross

income for such year); or (6) any person deemed by court order to be a Child for purposes of the Plan.

- 2.08 **"Claims Administrator"** means the person, persons or entity appointed by the Plan Administrator to process benefit claims pursuant to Section 13.05.
- 2.09 **"COBRA"** means Public Law 99-272, the Consolidated Omnibus Budget Reconciliation Act of 1985.
- 2.10 **"COBRA Continuation Coverage"** means continuation coverage to the extent required by COBRA.
- 2.11 **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.
- 2.12 **"Committee"** means the NiSource Benefits Committee.
- 2.13 **"Company"** means NiSource Inc., a Delaware corporation.
- 2.14 **"Co-Insurance"** means the amount of a Covered Expense that remains the responsibility of a Covered Person.
- 2.15 **"Consolidated Flex Plan"** means the NiSource Consolidated Flex Medical Plan, a component welfare plan of the NiSource Life and Medical Benefits Program, together with any and all amendments and supplements thereto, and any and all restatements thereof, from time to time.
- 2.16 **"Contracted Provider"** means, with respect to the BSG MSP Multi-Union Option, the BSG MSP Med Only Option and the BSG MSP Rx Option, a Physician or Hospital with whom the exclusive provider organization through which such Post-65 Retiree Coverage Options are offered has contracted.
- 2.17 **"Co-Payment"** means a flat dollar amount that a Covered Person must pay before an expense will be covered.
- 2.18 **"Covered Employee"** means an individual who is (or was) provided coverage under the Plan by virtue of being or having been an Employee, and includes a Retiree who is covered by the Plan.
- 2.19 **"Covered Expense"** means a service or supply, the Covered Percentage of which is paid for by the Plan, or which is subject to the applicable Deductible and Co-Insurance.
- 2.20 **"Covered Percentage"** means the percentage of a Covered Expense covered by the Plan.
- 2.21 **"Covered Person"** means a Post-65 Retiree or Dependent covered under the Plan, and includes a Qualified Beneficiary covered under the Plan.
- 2.22 **"Covered Person Contribution"** means the contribution required under Section 8.01.
- 2.23 **"Deductible"** has the meaning set forth in Section 7.01.
- 2.24 **"Defined Dollar Subsidy"** means the Company's contribution toward the cost of coverage for certain Retirees, as described in Sections 4.05 and 4.06.

2.25 "Dependent" means:

- (a) The lawful spouse of a Participant or of a Pre-65 Retiree Plan Participant, if not legally separated, who is also a spouse under the Code and who has attained age 65;
- (b) A Child of a Participant or of a Pre-65 Retiree Plan Participant who has attained age 65, satisfies the "dependency test" described in this Section 2.24, and is incapable of self-sustaining employment due to mental or physical disability if: (1) proof of the Child's disability, if requested by the Claims Administrator, is received by the Claims Administrator; (2) the Child is dependent upon the Retiree for financial support and maintenance; (3) the Post-65 Retiree continues to be covered by the Plan or the Pre-65 Retiree continues to be covered by the Consolidated Flex Plan; and (4) the Child's disability continues; or
- (c) A Child who has attained age 65 and is recognized under any court order, including a Qualified Medical Child Support Order that is recognized as legally sufficient under ERISA, as having a right to participate in the Plan as a Dependent.

For purposes of this Section 2.24, a Child of a Participant or of a Pre-65 Retiree Plan Participant satisfies the "dependency test" for a particular Plan Year if

- (x) the Participant or Pre-65 Retiree Plan Participant would be allowed a dependent exemption for such Child in computing the Participant's or Pre-65 Retiree Plan Participant's federal taxable income for such Plan Year, or
- (y) each of the following conditions is satisfied: (1) such Child receives over half of his or her support during the Plan Year from his or her parents and is in the custody of one or both parents for more than half of the Plan Year; (2) at least one parent would be allowed a dependent exemption for such Child in computing such parent's federal taxable income for such Plan Year; and (3) the Child's parents are divorced, legally separated under a decree of divorce or separate maintenance, legally separated under a written separation agreement, or live apart at all times for the last six month of the Plan Year.

For purposes of the "dependency test" in clause (x) above, the Child's gross income for such Plan Year may be ignored in determining whether the Participant or Pre-65 Retiree Plan Participant would be entitled to a dependent exemption for such Child for such Plan Year.

2.26 "Employee" means a regular or temporary employee of an Employer. No independent contractor shall be treated by the Plan Administrator as an Employee during the period he or she renders service as an independent contractor. Any person retroactively or in any other way found to be a common law employee shall not be considered an Employee for any period during which he or she was not treated as an Employee by the Plan Administrator.

2.27 "Employer" means the Company and any Related Employer that shall ratify and adopt the Plan in a manner satisfactory to, and with the consent of, the Plan Administrator, and any successor that shall maintain the Plan. Employers participating in the Plan shall be listed on Exhibit A (attached hereto for informational purposes only and not formally part of the Plan and provided that failure to list in Exhibit A any Related Employer that has ratified and adopted the Plan with the consent of the Plan Administrator shall not adversely affect the status of such entity as an "Employer" under the Plan). Unless otherwise provided by the Plan Administrator, an Employer participating in the Plan shall automatically cease to participate in the Plan, without need for amendment or modification of Exhibit A, on the date that such entity is no longer considered a

Related Employer of the Company. Notwithstanding the foregoing, solely for purposes of this Plan, (i) an individual who becomes a Post-65 Retiree during the period beginning on the NIFL/Kokomo/NIPSCO Merger Effective Date and ending on December 31, 2011, and who, as of the day immediately preceding the NIFL/Kokomo/NIPSCO Merger Effective Date, was an Employee, or a Pre-65 Retiree who was a former Employee, of NIFL or Kokomo, shall be treated for all purposes under the Plan as a Post-65 Retiree who was a former Employee of NIFL or Kokomo, as the case may be, and shall not be treated as a former NIPSCO Employee; and (ii) an individual who becomes a Post-65 Retiree on or after January 1, 2012, and who, as of December 31, 2011, was a Pre-65 Retiree who was a former Employee, of NIFL or Kokomo, shall be treated for all purposes under the Plan as a Post-65 Retiree who was a former Employee of NIFL or Kokomo, as the case may be, and shall not be treated as a former NIPSCO Employee. The Company and any applicable Related Employer may limit or extend the adoption of the Plan to one or more groups of Employees and/or divisions, locations or operations.

- 2.28 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.
- 2.29 **"Exempt Employee"** means an Employee who is not entitled to overtime under the Fair Labor Standards Act, 29 U.S.C. § 201, et seq.
- 2.30 **"Experimental or Investigational"** means charges for services, equipment, supplies, devices, treatments, procedures or drugs that are not Medically Necessary or that are investigational or experimental for the diagnosis or treatment of any Sickness or Injury for which any of such items are prescribed. Experimental or Investigational items include, without limitation, items that (1) are not accepted as standard medical treatment by Physicians practicing the applicable medical specialty; (2) are the subject of scientific or medical research or study to determine the item's effectiveness and safety; (3) have not been granted, at the time services were rendered, any required approval by a federal or state governmental agency, including without limitation, the Federal departments of Health and Human Services and the Food and Drug Administration, or any comparable state governmental agency; (4) have not been approved by the Federal Centers for Medicare and Medicaid Services for reimbursement under Medicare Title XVIII; or (5) are performed subject to the Covered Person's informed consent under a treatment protocol that explains the treatment or procedure as being conducted under a human subject study or experiment.
- 2.31 **"Family"** means a Participant and such Participant's covered Dependents.
- 2.32 **"Foster Child"** means a child legally placed in a Participant's or a Pre-65 Retiree Plan Participant's custody by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction, who is receiving parental care from such Participant or Pre-65 Retiree Plan Participant and for whom such Participant or Pre-65 Retiree Plan Participant is legally responsible to provide medical care.
- 2.33 **"Full-Time Employee"** means an Employee characterized by an Employer as a full-time employee who regularly works 40 or more hours per week or, with respect to a Represented Employee, who regularly works such other period of time that is specified in the collective bargaining agreement covering such Employee as constituting full-time status for purposes of the Consolidated Flex Plan.
- 2.34 **"Group Health Plan"** means a plan (including a self-insured plan) of, or contributed to by, an employer (including a self-employed person) or employee organization to provide health care (directly or otherwise) to the employees, former employees, the employer, others associated or formerly associated with the employer in a business relationship, or their families.

- 2.35 **“HIPAA”** means the Health Insurance Portability and Accountability Act of 1996, as amended.
- 2.36 **“HMO Option”** means a Coverage Option offered through a health maintenance organization pursuant to Article V.
- 2.37 **“Hospital”** means an institution that, for compensation from its patients and on an inpatient basis, is primarily engaged in providing diagnostic and therapeutic facilities for the surgical and medical diagnosis, treatment, and care of injured and sick persons by or under the supervision of a staff of Physicians who are duly licensed to practice medicine, and which continuously provides 24-hour-a-day nursing services by registered graduate nurses. It is not, other than incidentally, a nursing home, or a place for rest or for the aged.
- 2.38 **“Injury”** means bodily injury that is caused by accidental means by an event that is sudden and not foreseen, and is exact as to time and place, which results in damage to a Covered Person’s body from an external force or contact.
- 2.39 **“Kokomo”** means Kokomo Gas & Fuel Company.
- 2.40 **“Legal Ward”** means any Child for whom a Participant or a Pre-65 Retiree Plan Participant is legal guardian, provided that the Child is dependent on such Participant or Pre-65 Retiree Plan Participant for principal support and maintenance.
- 2.41 **“Maximum Allowable Amount”** means the maximum amount of charges that the Plan will pay for a service, treatment or supply. The determination of the Maximum Allowable Amount shall be made by the Claims Administrator or Plan Administrator in its sole discretion based on criteria agreed upon by the Company and the Claims Administrator or Plan Administrator, as applicable.
- 2.42 **“MAP Med Only Option”** means the Medical Assistance Plan Option, without prescription drug coverage, offered to Retirees pursuant to Article IV.
- 2.43 **“MAP Rx Option”** means the Medical Assistance Plan Option, with prescription drug coverage, offered to Retirees pursuant to Article IV.
- 2.44 **“Medicaid”** means a state program of medical aid for needy persons established under Title XIX of the Social Security Act of 1965, as amended.
- 2.45 **“Medigap Option”** means the Medigap Option offered to Retirees pursuant to Articles IV and Article VI.
- 2.46 **“Medically Necessary”** means a service or supply ordered or prescribed by a Physician that is appropriate for the diagnosis, care, or treatment of a Sickness or Injury. Such service or supply must be (1) as likely to produce a significant outcome as, and no more likely to produce a negative outcome than, any alternative; (2) indicated by the Covered Person’s health status to result in information that could affect treatment, if a diagnostic procedure; and (3) no more costly than any alternative.
- 2.47 **“Medicare”** means the program of medical care benefits provided for aged and disabled persons under the Social Security Act of 1965, as amended.
- 2.48 **“MPP Option”** means the Medicare-Plus Plan Option offered to NIPSCO Represented Retirees pursuant to Article IV.

- 2.49 **"MSP Option"** means the Medicare Supplement Plan Option offered to Retirees pursuant to Article IV.
- 2.50 **"NIFL"** means Northern Indiana Fuel and Light Company, Inc., an Indiana corporation.
- 2.51 **"NIFL/Kokomo/NIPSCO Merger Effective Date"** means the final effective date of the merger of NIFL and Kokomo with and into NIPSCO.
- 2.52 **"NIPSCO"** means Northern Indiana Public Service Company.
- 2.53 **"NIPSCO Represented Retiree"** means a Retiree who is a former NIPSCO Represented Employee.
- 2.54 **"No Coverage Option"** means an election not to become covered under a Post-65 Retiree Coverage Option.
- 2.55 **"Non-Represented"** means a Full-Time or Part-Time Employee or Retiree who is not covered by a collective bargaining agreement between an Employer and a union.
- 2.56 **"Other Insured Arrangement Option"** means any other fully-insured arrangement maintained by the Company.
- 2.57 **"Other Party"** includes, without limitation, any of the following:
- (a) Any party or parties who cause a Sickness or Injury;
 - (b) Any insurer or other indemnifier of the party or parties who caused a Sickness or Injury;
 - (c) Any guarantor of the party or parties who cause a Sickness or Injury;
 - (d) A Covered Person's insurer;
 - (e) A workers' compensation insurer; or
 - (f) Any other person, entity, policy or plan that is liable or legally responsible in relation to a Covered Person's Sickness or Injury.
- 2.58 **"Out-of-Pocket Expense Limitation"** has the meaning set forth in Section 9.03.
- 2.59 **"Part-Time Employee"** means an Employee characterized by an Employer as a part-time employee who regularly works ten or more, but less than 40, hours per week or, with respect to a Represented Employee, who regularly works such other period of time that is specified in the collective bargaining agreement covering such Employee as constituting part-time status for purposes of the Consolidated Flex Plan.
- 2.60 **"Participant"** means each Post-65 Retiree who is a Covered Person.
- 2.61 **"Physician"** means a doctor of medicine or doctor of osteopathy who is legally qualified and licensed without limitation to practice medicine, surgery or obstetrics at the time and place service is rendered. This definition also includes physician's assistants, certified surgical technologists, and registered nurse midwives, when working directly for a doctor of medicine. Doctors of dental surgery, doctors of dental medicine, doctors of podiatry or surgical chiropody, optometrists, and chiropractors shall be deemed to be Physicians when acting within the scope of

their license for services covered by the Plan. Each registered physical, occupational, respiratory, and speech therapist, psychologist, and social worker licensed under state law when providing a service covered by the Plan shall be deemed to be a Physician.

- 2.62 **“Plan”** means the NiSource Post-65 Retiree Medical Plan set forth herein, together with any and all amendments and supplements thereto.
- 2.63 **“Plan Administrator”** means the Committee, and any person or entity to whom the Committee has from time to time delegated authority to carry out the administrative functions of the Plan.
- 2.64 **“Plan Effective Date”** means September 1, 2010.
- 2.65 **“Plan Year”** means the calendar year, except that the initial Plan Year shall be the period commencing September 1, 2010 and ending December 31, 2010.
- 2.66 **“Post-65 Retiree”** means a Retiree who has attained age 65.
- 2.67 **“Post- 65 Retiree Coverage Option”** means the BSG MSP Med Only Option, the BSG MSP Rx Option, the BSG MSP Multi-Union Option, the HMO Option, the MAP Med Only Option, the MAP Rx Option, the Medigap Option, the MPP Option, the MSP Option and the Other Insured Arrangement Option.
- 2.68 **“Pre-65 Retiree”** means a Retiree who has not attained age 65.
- 2.69 **“Pre-65 Retiree Plan Participant”** means a Pre-65 Retiree who is properly enrolled in the Consolidated Flex Plan.
- 2.70 **“Predecessor Medicare Supplement Option”** means any Medicare supplement option maintained prior to the Plan Effective Date under the Consolidated Flex Plan or any predecessor plan, or under any other plan maintained by an Employer, that provided benefits for certain Post-65 Retirees or their dependents who had attained age 65 or for certain dependents of Pre-65 Retirees (as defined below) who had attained age 65.
- 2.71 **“Pregnancy”** means the condition of being pregnant and all conditions and/or complications resulting therefrom.
- 2.72 **“Qualified Beneficiary”** means:
- (a) Any persons who were Covered Persons on the date immediately preceding a Qualifying Event as:
 - (1) A Covered Employee;
 - (2) A Covered Employee’s spouse; or
 - (3) A Dependent Child.
 - (b) In the case of a Qualifying Event described in subsection 2.73(d), a Retiree who retired on or before the date of substantial elimination of coverage and any other individual who, on the day before such Qualifying Event, is a Covered Person as a spouse, Dependent Child, or surviving spouse.

- 2.73** **“Qualifying Event”** means any of the following that results in loss of coverage for a Qualified Beneficiary:
- (a) The Covered Employee’s death;
 - (b) The divorce or legal separation of the Covered Employee from the Covered Employee’s spouse;
 - (c) A Dependent Child is no longer an eligible Dependent; or
 - (d) With respect to a Retiree, a proceeding in a case under Title XI, United States Code, with respect to the Company. In the case of a Qualifying Event described in this subsection 2.73(d), a “loss of coverage” includes a substantial elimination of coverage with respect to a Qualified Beneficiary described in subsection 2.72(b) within one year before or after the date of commencement of the proceeding.
- 2.74** **“Related Employer”** means (1) any corporation that is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) that includes the Company; (2) any trade or business (whether or not incorporated) that is under common control (as defined in Section 414(c) of the Code) with the Company; and (3) any member of an affiliated service group (as defined in Section 414(m) of the Code) that includes the Company.
- 2.75** **“Relative”** means a person who is the spouse, mother, father, sister, brother, Child or in-law of a Participant or of a Pre-65 Retiree Plan Participant.
- 2.76** **“Represented”** means a Full-Time or Part-Time Employee or a Retiree who is covered by a collective bargaining agreement between an Employer and a union.
- 2.77** **“Retiree”** means a former Full-Time Employee or Part-Time Employee who retired from service with an Employer, in accordance with a plan or procedure adopted by the Employer, after having attained the age of 55 years and ten years of service. ‘Retiree’ also means a former Full-Time Employee or Part-Time Employee who retired from service with an Employer, in accordance with a plan or procedure adopted by the Employer and after ten years of service, but prior to attaining the age of 55 years, and who elects continued coverage under the Plan in lieu of COBRA Continuation Coverage pursuant to a written agreement entered into with an Employer. Notwithstanding the foregoing,
- (a) A person who would otherwise meet the definition of “Retiree” shall not cease to be a Retiree solely because such person is rehired by an Employer to regularly work less than twenty hours per week;
 - (b) “Retiree” shall also mean any former Employee who qualifies as a Retiree under the Special Provisions described in Article IV;
 - (c) Upon reaching age 65, a Retiree shall be considered a Post-65 Retiree;
 - (d) A person who would otherwise meet the definition of “Retiree” shall not be ineligible to be a Retiree solely because such person elected to retire from service with an Employer during a strike or lockout; and
 - (e) “Retiree” shall not include any of the following:

- (1) any former Non-Represented Exempt Employee who was hired or re-hired on or after January 1, 2010;
- (2) any former Employee who was represented by United Steel Workers Local Union No. 12026 (Springfield Clerical/Technical) and who was hired on or after January 1, 2011; or
- (3) any former Employee who was represented by the International Brotherhood of Electrical Workers Local Union No. 486 (Northampton) and who was hired on or after January 1, 2011.

For purposes of this Section 2.77, the term 'Employer' shall also include an entity that was a Related Employer at the time an employee retired from service from such entity.

2.78 "Sickness" means an illness causing loss commencing while the Plan is in force for a Covered Person. Sickness shall be deemed to include disability caused or contributed to by Pregnancy, miscarriage, childbirth and recovery therefrom. Sickness shall only mean sickness or disease that requires treatment by a Physician.

2.79 "Status Change" means any of the following:

- (a) Legal Marital Status. Events that change an Retiree's legal marital status, including marriage, death of spouse, divorce, legal separation, or annulment.
- (b) Number of Dependents. Events that change a Retiree's number of Dependents, including birth, adoption, placement for adoption (as defined in Treasury Regulations under Code Section 9801), or death of a Dependent.
- (c) Employment Status. A termination or commencement of employment, a strike or lockout, a commencement or return from an unpaid leave of absence, or a change in worksite that changes the employment status of a Retiree, a spouse or other Dependent, or any other change in the employment status of a Retiree, a spouse or other Dependent that makes such individual eligible or ineligible for coverage under the Plan (such as switching from full-time to part-time status or from salaried to hourly-paid).
- (d) Dependent Satisfies or Ceases to Satisfy the Requirements for Unmarried Dependents. An event that causes a Dependent to satisfy or cease to satisfy the requirements for coverage due to marriage, attainment of age, student status, or any similar circumstance as provided in the Plan.
- (e) Residence. A change in the place of residence of a Retiree, a spouse or other Dependent.
- (f) Other Permissible Events. Any other event that the Plan Administrator or a member of the Committee determines to be a permissible Status Change under the Code or any regulation, ruling or release issued thereunder. Such determination shall be (1) consistent with the terms of the Plan; and (2) made in a uniform and non-discriminatory manner.

2.80 "Stepchild" means any natural or adopted child of a Retiree's current spouse, and any natural or adopted child of a former spouse of a Participant or Pre-65 Retiree Plan Participant living in the Participant's or Pre-65 Retiree Plan Participant's home in a familial relationship if the natural parents of such child are both deceased.

2.81 "Summary Plan Description" means the summary plan description for the Plan.

ARTICLE III PARTICIPATION

3.01 **Eligibility.** Subject to the specific eligibility restrictions provided for each Post-65 Retiree Coverage Option described in Article IV, Post-65 Retirees shall be eligible to participate in the Plan, and their eligible Dependents and eligible Dependents of certain Pre-65 Retirees may be eligible to be enrolled in the Plan, as follows:

- (a) Post-65 Retirees. A Post-65 Retiree may be covered under the Plan as of the date he or she attains age 65 if he or she properly enrolls for coverage under Section 3.02.
- (b) Dependents. A Participant's and a Pre-65 Retiree Plan Participant's eligible Dependent who is properly enrolled for coverage under Section 3.02 shall be covered on the earliest of (1) January 1 after the Annual Enrollment Period in which a Participant or a Pre-65 Retiree Plan Participant elects to cover such Dependent; (2) the date a Post-65 Retiree's coverage becomes effective; or (3) the date coverage is provided under the Status Change Enrollment provisions of subsection 3.02(c).
- (c) No Double Coverage. Notwithstanding the foregoing, no person is eligible to be covered as both a Participant and a Dependent, no person may be covered as a Dependent of more than one Covered Person, and no Employee may be covered as a Dependent.
- (d) Reservation of Right to Amend and Terminate. The Company reserves the right to amend or terminate the provisions for Post-65 Retiree participation and for enrollment of Dependents in accordance with Article XX.

3.02 **Enrollment.** Subject to the specific eligibility restrictions provided for each Post-65 Retiree Coverage Option described in Article IV, Post-65 Retirees shall be eligible to enroll in the Plan, and eligible Dependents of Participants and Pre-65 Retiree Plan Participants may be enrolled in the Plan, as follows:

- (a) Post-65 Retirees. Each Post-65 Retiree who becomes eligible to become covered under subsection 3.01(a) shall properly enroll himself no later than the date he attains age 65. Such Post-65 Retiree enrollment shall be effective on the first day of the month in which the Post-65 Retiree attains age 65. If the Post-65 Retiree attains age 65 on the first day of the month, then such Post 65 Retiree enrollment shall be effective on the first day of the month immediately preceding the month in which the Post-65 Retiree attains age 65. A Post-65 Retiree who fails to properly enroll pursuant to this subsection shall be covered pursuant to Sections 3.04 and 3.05. A Post-65 Retiree who, as of August 31, 2010, was enrolled in the Medical Assistance Plan Option, the Medicare-Plus Plan Option, the Medicare Supplement Plan Option, the Medigap Option or the BSG Medical Supplement Plan Option of the Consolidated Flex Plan, or in an HMO Option or an Other Insured Arrangement, shall be automatically enrolled in the corresponding Post-65 Retiree Coverage Option, HMO Option or Other Insured Arrangement in the Plan effective September 1, 2010.

A Post-65 Retiree who enrolls in the Plan, or a Pre-65 Retiree Plan Participant, may enroll his or her eligible Dependent in the Plan. A Post-65 Retiree's or Pre-65 Retiree's Dependent who, as of August 31, 2010, was enrolled in the Medical Assistance Plan

Option, the Medicare-Plus Plan Option, the Medicare Supplement Plan Option, the Medigap Option or the BSG Medical Supplement Plan Option of the Consolidated Flex Plan, or in an HMO Option or an Other Insured Arrangement, and who is an eligible Dependent of a Participant or a Pre-65 Retiree Plan Participant, shall be automatically enrolled in the corresponding Post-65 Retiree Coverage Option in the Plan effective September 1, 2010.

- (b) Annual Enrollment Period. Subject to the provisions of Section 3.04 and Article IV, an eligible Post-65 Retiree, a Pre-65 Retiree Plan Participant, or a Qualified Beneficiary may elect or change a Post-65 Retiree Coverage Option or Category of Coverage during the Annual Enrollment Period. Such election shall be effective for the period beginning on the first day of the following Plan Year and ending on the last day of such following Plan Year; provided, however, if such Post-65 Retiree, Pre-65 Retiree Plan Participant or Qualified Beneficiary makes no election or change during the Annual Enrollment Period, such Post-65 Retiree, Pre-65 Retiree or Qualified Beneficiary shall be deemed to have elected a Post-65 Retiree Coverage Option and Category of Coverage for the following Plan Year as described in Sections 3.04 and 3.05.
- (c) Status Change Enrollment. If a Status Change occurs, a Post-65 Retiree or a Pre-65 Retiree Plan Participant may make a Category of Coverage change during the Status Change Enrollment Period provided under this subsection; provided, however, if required by Section 125 of the Code and the regulations, rulings and releases issued thereunder, such Category of Coverage change shall be consistent with the Status Change event. A Category of Coverage change is consistent with a Status Change event if, and only if, (1) the Status Change results in a Post-65 Retiree or Dependent gaining or losing eligibility for coverage under either the Plan or an accident or health plan of the Dependent's employer; and (2) the Category of Coverage change corresponds with such gain or loss of coverage.
- Such Status Change Enrollment Period shall begin on the date of the Status Change event, and shall expire 31 days thereafter. Accordingly, to obtain or modify coverage under this subsection, the Post-65 Retiree shall properly modify his or her enrollment during such Status Change Enrollment Period. Any Category of Coverage change under this subsection shall be effective as of the date it is approved by the Plan.
- (d) Judgment, Decree or Order. A Post-65 Retiree or a Pre-65 Retiree Plan Participant may make a Category of Coverage change upon entry of a court judgment, decree or order resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order defined in Section 609 of ERISA) that requires Plan coverage for a Child.
- (e) Entitlement to Medicare or Medicaid. A Post-65 Retiree or a Pre-65 Retiree Plan Participant may make a Category of Coverage change if a Covered Person becomes enrolled under Medicare Parts A, B or C, or Medicaid, other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines).
- (f) Automatic Cost Change. If the cost of the Plan increases or decreases during a Plan Year, a Participant and a Pre-65 Retiree Plan Participant are each required to make corresponding change in his or her payments under the Plan. In such event, on a prospective basis, the Plan Administrator shall automatically effectuate the increase or

decrease in the Participant's or Pre-65 Retiree Plan Participant's elective Covered Person Contributions.

- (g) Significant Cost Change. Subject to the provisions of Section 3.04 and Article IV, a Participant or a Pre-65 Retiree Plan Participant may make a Post-65 Retiree Coverage Option change if the cost of a Post-65 Retiree Coverage Option under the Plan significantly increases or decreases during a Plan Year. Any Post-65 Retiree Coverage Option change must correspond with such increase or decrease in cost. Changes that are permitted include commencing participation in a Post-65 Retiree Coverage Option that significantly decreases in cost, or, in the case of a Post-65 Retiree Coverage Option that significantly increases in cost, revoking an election for that Post-65 Retiree Coverage Option and, in lieu thereof, either receiving on a prospective basis coverage under another Post-65 Retiree Coverage Option providing similar coverage or dropping the Post-65 Retiree Coverage Option if no other Post-65 Retiree Coverage Option providing similar coverage is available.
- (h) Significant Coverage Change. Subject to the provisions of Section 3.04 and Article IV, a Participant or a Pre-65 Retiree Plan Participant may make a Post-65 Retiree Coverage Option change:
- (1) If the coverage under a Post-65 Retiree Coverage Option is significantly curtailed during a period of coverage, in which case the Participant or Pre-65 Retiree Plan Participant may revoke his or her election for coverage under such Post-65 Retiree Coverage Option and, in lieu thereof, elect to receive on a prospective basis coverage under another Post-65 Retiree Coverage Option providing similar coverage;
 - (2) If the coverage under a Post-65 Retiree Coverage Option ceases during a period of coverage, in which case the Participant or Pre-65 Retiree Plan Participant may revoke his or her election for coverage under such Post-65 Retiree Coverage Option and, in lieu thereof, elect to receive on a prospective basis coverage under another Post-65 Retiree Coverage Option providing similar coverage, or elect the No Coverage Option if no Post-65 Retiree Coverage Option providing similar coverage is available;
 - (3) If the Plan adds a new benefit or other coverage option or the terms of a benefit offered under the Plan are significantly improved during a period of coverage; or
 - (4) On account of and corresponding with a change made under another employer's plan if (i) the other cafeteria plan or qualified benefits plan permits participants to make an election that is consistent with the permitted election change rules under Section 125 of the Code and the regulations issued thereunder, or (ii) the Plan permits Participants or Pre-65 Retiree Plan Participants to make an election for a period of coverage that is different from the period of coverage under the other employer's cafeteria plan or qualified benefits plan.
- (i) Election Changes involving the HMO Option or Other Insured Arrangements. Notwithstanding any other provision of the Plan, enrollment or a change in enrollment in any HMO Option or Other Insured Arrangement shall be subject to any additional terms or conditions imposed by the insurer under such HMO Option or Other Insured Arrangement.

3.03 Categories of Coverage. The Plan offers the following Categories of Coverage within each Post-65 Retiree Coverage Option:

- (a) Post-65 Retiree-Only;
- (b) Post-65 Retiree + Spouse;
- (c) Post-65 Retiree + Child;
- (d) Post-65 Retiree + Family;
- (e) Spouse Only (only in case of Spouse of Pre-65 Retiree Plan Participant);
- (f) Spouse + Child (only in case of Spouse and Child of Pre-65 Retiree Plan Participant);
- (g) Spouse + Family (only in case of Spouse and Family of Pre-65 Retiree Plan Participant);
and
- (h) No Coverage.

3.04 Election of a Post-65 Retiree Coverage Option. A Post-65 Retiree or a Pre-65 Retiree Plan Participant may make select a Post-65 Retiree Coverage Option as permitted in Article IV. Subject to the provisions of Article IV, such an Option selection shall remain effective until properly changed during an Annual Enrollment Period or by reason of an event described in subsections 3.02(b)-(h). A Pre-65 Retiree Plan Participant who previously selected a Post-65 Retiree Plan Coverage Option for his or her Dependent and who subsequently becomes eligible for coverage under the Plan upon attaining age 65 may select only that Post-65 Retiree Coverage Option in which his or her Dependent is or has been enrolled.

If a Pre-65 Retiree Plan Participant fails to properly enroll his or her eligible Dependent for coverage upon such Dependent attaining age 65, such Pre-65 Retiree Plan Participant shall be deemed to have selected the No Coverage Option. Such Pre-65 Retiree Plan Participant shall have an opportunity to enroll his or her eligible Dependent for coverage during each Annual Enrollment Period thereafter.

If a Post-65 Retiree fails to properly enroll for coverage upon reaching age 65, he or she shall be deemed to have selected the No Coverage Option. Such Post-65 Retiree shall have an opportunity to enroll for coverage during each Annual Enrollment Period thereafter.

A Post-65 Retiree or Pre-65 Retiree Plan Participant may not change a Post-65 Retiree Coverage Option once selected; provided, however, that a Post-65 Retiree or Pre-65 Retiree Plan Participant may, during each Annual Enrollment Period or as otherwise permitted pursuant to subsections 3.02(b)-(h), select the No Coverage Option or make a change from the MAP Rx Option to the MAP Med Only Option or from the BSG MSP Rx Option to the BSG MSP Med Only Option. In addition, during each Annual Enrollment Period or as otherwise permitted pursuant to subsections 3.02(b)-(h), a Post-65 Retiree or Pre-65 Retiree Plan Participant who is enrolled in the No Coverage Option after having previously selected a Post-65 Retiree Coverage Option, may once again enroll in such Post-65 Retiree Coverage Option; provided, however, that enrollment in the MAP Rx Option or the BSG MSP Rx Option shall not be permitted if a Post-65 Retiree or Pre-65 Retiree Plan Participant has at any time enrolled in the MAP Med Only Option or the BSG MSP Med Only Option. For the avoidance of doubt, a change in Post-65 Retiree

Coverage Option may not be made from the MAP Med Only Option to the MAP Rx Option or from the BSG MSP Med Only Option to the BSG MSP Rx Option.

- 3.05 Election of a Category of Coverage.** Subject to the provisions of Section 3.04 and Article IV, a Post-65 Retiree or a Pre-65 Retiree Plan Participant may select or change a Category of Coverage during the enrollment periods set forth in Section 3.02. Any such selection shall remain effective until properly changed by the Post-65 Retiree or Pre-65 Retiree during an Annual Enrollment Period, or by reason of an event described in subsections 3.02(b)-(h).

ARTICLE IV RETIREE COVERAGE

4.01 NIPSCO Represented Post-65 Retirees.

- (a) Eligibility. When a NIPSCO Represented Post-65 Retiree, or his or her Dependent, or a Dependent of a NIPSCO Represented Pre-65 Retiree Plan Participant, attains age 65, he or she shall be eligible to participate in the MPP Option.
- (b) Enrollment. Upon attaining age 65, a person described in Section 4.01(a) above may enroll in the MPP Option or may elect the No Coverage Option. A Participant who is a NIPSCO Represented Post-65 Retiree may elect to drop coverage under the MPP Option at any time. However, if a Participant drops such coverage, or if a Post-65 Retiree was enrolled in the Medicare-Plus Plan Option under the Consolidated Flex Plan and dropped such coverage, he or she (and his or her Dependents) shall no longer be eligible for coverage under the Plan.
- (c) Contributions. A Participant who participates in the MPP Option shall be required to contribute toward his or her coverage, and such Participant or a NIPSCO Represented Pre-65 Retiree Plan Participant shall be required to contribute toward the coverage of his or her Dependents who are covered under the Plan, in an amount as determined from time to time by the Plan Administrator. NIPSCO Represented Post-65 Retirees who were hired by NIPSCO on or after June 1, 2009, and their eligible spouses, shall be eligible to receive an annual Defined Dollar Subsidy in accordance with Section 4.05(c) below. Contributions shall be governed by Article VIII. The Company reserves the right to modify these contribution provisions from time to time.

4.02 BSG Retirements prior to January 1, 2002.

- (a) Eligibility. When a BSG Post-65 Retiree who retired prior to January 1, 2002, or his or her Dependent, or a Dependent of a BSG Pre-65 Retiree Plan Participant who retired prior to January 1, 2002, attains age 65, he or she shall be eligible to participate in the Plan as follows:
 - (1) A BSG Represented Post-65 Retiree and his or her Dependent, and a Dependent of a BSG Represented Pre-65 Retiree, shall be entitled to participate in the Post-65 Retiree Option (either the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option) that is applicable to the collective bargaining agreement in which such Retiree was a member. The BSG MSP Multi-Union Option is applicable to Retirees who were members of the following collective bargaining units: Portsmouth Local # 12012-6 (United Steelworkers of America AFL - CIO - CLC), Granite State Transmission, Inc. Local No. 341

(Utility Workers Union of America), and Northern Utilities, Inc. (Portland) Local No. B341 (Utility Workers Union of America). The BSG MSP Med Only Option and the BSG MSP Rx Option are applicable to Retirees who were members of any other BSG collective bargaining unit.

- (2) A BSG Non-Represented Post-65 Retiree and his or her Dependent, and a Dependent of a BSG Non-Represented Pre-65 Retiree shall be entitled to participate in the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option.
- (b) Enrollment. Upon attaining age 65, a person described in Section 4.02(a) above may enroll in the BSG MSP Med Only Option, the BSG MSP Rx Option or BSG MSP Multi-Union Option, as applicable, or may elect the No Coverage Option. A Participant who is a BSG Post-65 Retiree may elect to drop coverage under the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option at any time. However, if a Participant drops such coverage, or if a Post-65 Retiree was previously enrolled in the BSG Medical Supplement Plan and dropped such coverage, he or she (and his or her Dependents) shall no longer be eligible for coverage under the Plan.
 - (c) Contributions. A Participant who participates in the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option shall be required to contribute toward his or her coverage, and such Participant or a BSG Pre-65 Retiree Plan Participant shall be required to contribute toward the coverage of his or her Dependents who are covered under the Plan, in an amount as determined from time to time by the Plan Administrator. Contributions shall be governed by Article VIII. The Company reserves the right to modify these contribution provisions from time to time.

4.03 BSG Retirements on or after January 1, 2002.

- (a) Eligibility. When a BSG Post-65 Retiree who retired on or after January 1, 2002, or his or her Dependent, or a Dependent of a BSG Pre-65 Retiree Plan Participant who retired on or after January 1, 2002, attains age 65, he or she shall be eligible to participate in the Plan as follows:
 - (1) A BSG Represented Post-65 Retiree and his or her Dependent, and a Dependent of a BSG Represented Pre-65 Retiree, shall be entitled to participate in the Post-65 Retiree Option (either the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option) that is applicable to the collective bargaining agreement in which such Retiree was a member (as provided in Section 4.02(a)(1) above).
 - (2) A BSG Non-Represented Post-65 Retiree and his or her Dependent, and a Dependent of a BSG Non-Represented Pre-65 Retiree shall be entitled to participate in the MAP Med Only Option, the MAP Rx Option or the MSP Option.
- (b) Enrollment. Upon attaining age 65, a person described in Section 4.03(a)(1) above may enroll in the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option, as applicable, or may elect the No Coverage Option. Upon attaining age 65, a person described in Section 4.03(a)(2) above may enroll in the MAP Med Only Option, the MAP Rx Option or the MSP Option, or may elect the No Coverage Option. A Participant who is a BSG Post-65 Retiree may elect to drop coverage under the MAP

Med Only Option, the MAP Rx Option or the MSP Option at any time. However, if a Participant drops such coverage, or if a Post-65 Retiree was previously enrolled in the Consolidated Flex Plan and dropped such coverage, he or she (and his or her Dependents) shall not longer be eligible for coverage under the Plan.

- (c) Contributions. A Participant who participates in the BSG MSP Med Only Option, the BSG MSP Rx Option or the BSG MSP Multi-Union Option shall be required to contribute toward his or her coverage, and such Participant or a BSG Pre-65 Retiree Plan Participant shall be required to contribute toward the coverage of his or her Dependents who are covered under the Plan, in an amount as determined from time to time by the Plan Administrator. A Participant who participates in the MAP Med Only Option, the MAP Rx Option or the MSP Option shall be required to contribute toward his or her coverage, and such Participant or a BSG Pre-65 Retiree Plan Participant shall be required to contribute toward the coverage of his or her Dependents who are covered under the Plan, in an amount as determined from time to time by the Plan Administrator. A Participant who retired on and after February 1, 2004 and his or her spouse if over age 65 shall receive an annual Defined Dollar Subsidy toward the cost of coverage as provided in Section 4.05(c) below. Contributions shall be governed by Article VIII. The Company reserves the right to modify these contribution provisions from time to time.

4.04 Retirements prior to February 1, 2004.

- (a) Eligibility. When a Post-65 Retiree who retired prior to February 1, 2004, or his or her Dependent, or a Dependent of a Pre-65 Retiree who participated in the Columbia Energy Group Medical Benefit Plan on December 31, 2003 or of a Pre-65 Retiree who participated in the NiSource Inc. Medical Benefit Plan as of December 31, 2003, attains age 65, he or she shall be eligible for coverage as follows:
- (1) A Post-65 Retiree or his or her Dependent who was enrolled in the Columbia Energy Group Medical Benefit Plan on December 31, 2003, or a Dependent of a Pre-65 Retiree who was enrolled in the Columbia Energy Group Medical Benefit Plan on December 31, 2003, shall be eligible to participate in the MAP Med Only Option or the MAP Rx Option.
 - (2) A Post-65 Retiree (other than a NIFL Post-65 Retiree) or his or her Dependent who was enrolled in the NiSource Inc. Medical Benefit Plan as of December 31, 2003, or a Dependent of a Pre-65 Retiree who was enrolled in the NiSource Inc. Medical Benefit Plan on December 31, 2003, shall be eligible to participate in the MSP Option.
 - (3) A NIFL Post-65 Retiree or his or her Dependent who was enrolled in the NiSource Inc. Medical Benefit Plan as of December 31, 2003, or a Dependent of a Pre-65 Retiree who was enrolled in the NiSource Inc. Medical Benefit Plan on December 31, 2003, shall be eligible to participate in the Medigap Option.
 - (4) Any Post-65 Retiree who was covered under a "Medicare Advantage HMO" as of December 31, 2003 shall continue to remain eligible for coverage under such arrangement pursuant to the terms and conditions thereof.
 - (5) This Section 4.04(a) does not apply to those Post-65 Retirees or Dependents identified in Sections 4.01(a), 4.02(a) or 4.03(a).

- (b) Enrollment. Upon attaining age 65, a person described in Section 4.04(a)(1)-(4) above may enroll in the MAP Med Only Option, the MAP Rx Option, the MSP Option, the Medigap Option or the Medicare Advantage HMO, as applicable, or may elect the No Coverage Option. A Post-65 Retiree may elect to drop coverage under a Post-65 Retiree Coverage Option at any time. However, if a Post-65 Retiree drops such coverage, or if a Post-65 Retiree was previously enrolled in the Medical Assistance Plan Option, the Medicare Supplement Option, a Medicare Choice HMO or any other similar post-65 medical coverage option under the Consolidated Flex Plan and dropped such coverage, he or she (and his or her Dependents) shall no longer be eligible for coverage under the Plan.
- (c) Contributions. A Participant who participates in the MAP Med Only Option or the MAP Rx Option shall be required to contribute toward his or her coverage, and such Participant or a Pre-65 Retiree in the Consolidated Flex Plan shall be required to contribute toward the coverage of his or her Dependents, in an amount as determined from time to time by the Plan Administrator. For those Post-65 Retirees and Dependents who participate in the MSP Option, no Post-65 Retiree contribution shall be required. Contributions shall be governed by Article VIII. The Company reserves the right to modify these contribution provisions from time to time. If a Post-65 Retiree returns to work for an Employer and retires a second time on or after February 1, 2004, then the Post-65 Retiree shall be required to contribute toward the cost of coverage upon his or her second retirement as described in Section 4.05(c).

4.05 Retirements on or after February 1, 2004.

- (a) Eligibility. When a Post-65 Retiree who retired on and after February 1, 2004, or his or her Dependent; or a Dependent of a Pre-65 Retiree Plan Participant, attains age 65, he or she shall be eligible for coverage under the MSP Option, the MAP Med Only Option or the MAP Rx Option. This Section 4.05(a) shall not apply to those Post-65 Retirees or Dependents identified in Sections 4.01(a), 4.02(a), 4.03(a) or 4.04(a).
- (b) Enrollment. Upon attaining age 65, a person described in Section 4.05(a) above may enroll in the MAP Med Only Option, the MAP Rx Option or the MSP Option, or may elect the No Coverage Option. Once a Post-65 Retiree or a Dependent chooses the MAP Med Only Option, the MAP Rx Option or the MSP Option, such Post-65 Retiree Coverage Option may not be changed, except as provided in Article III.
- (c) Contributions. A Post-65 Retiree and his or her spouse if over age 65, shall receive an annual Defined Dollar Subsidy toward the cost of coverage. The Company reserves the right to modify this contribution amount from time to time. The Post-65 Retiree shall remain responsible for the annual cost of coverage to the extent such cost exceeds the Defined Dollar Subsidy equal to the following amount as applicable:
- (1) *Medicare-Eligible Defined Dollar Subsidy.* On and after the date the Post-65 Retiree becomes eligible for Medicare coverage, the annual Defined Dollar Subsidy shall equal \$60 times Years of Service towards coverage for the Post-65 Retiree, and \$40 times the Post-65 Retiree's Years of Service towards coverage for his or her spouse, provided the spouse is a Dependent. In addition, the Post-65 Retiree (except for a Post-65 Retiree who is a former Kokomo Employee) shall receive a monthly payment of \$37.50 as a Medicare Part B reimbursement. If a Post-65 Retiree dies prior to his or her spouse, the surviving spouse, if age 65

or older, shall receive a Defined Dollar Subsidy in the same amount as the Post-65 Retiree.

- (2) *Years of Service.* For purposes of this Section only, "Years of Service" equals the total number of Years of Service, rounded up to the nearest whole number, earned by the Post-65 Retiree for purposes of benefit accrual (including all service prior to a distribution that causes any prior service to be disregarded) under each defined benefit pension plan maintained by the Company or an affiliate in which the former Employee accrued a benefit, as calculated under the terms of each applicable defined benefit pension plan. Notwithstanding the foregoing, for purposes of the Special Provisions Applicable to Certain Outsourced and Severed Employees described in Section 4.07, "Years of Service" for purposes of this Section 4.05(c) shall mean "Years of Service" as defined in subsection 4.07(d).

4.06 Special Provisions Applicable to 2002 NiSource Organization Restructuring. From August 28, 2002, through December 31, 2002, certain Employees were notified of their involuntary separation under the 2002 NiSource Inc. Organization Restructuring (the "2002 Restructuring"). The purpose of this Section is to specify the special provisions that apply to Employees who were eligible for and elected the Defined Dollar Subsidy for retiree medical coverage offered pursuant to the 2002 Restructuring.

- (a) Retiree Medical Benefits Offered in Connection with the 2002 NiSource Inc. Organization Restructuring.

An Employee who:

- (1) Was notified of his or her involuntary separation from an Employer under the 2002 Restructuring between August 28, 2002 and December 31, 2002;
- (2) Elected salary continuation as his or her severance benefit option, and at the end of the salary continuation period, he or she was age 50 to 54 with 10 Years of Service;
- (3) Properly executed the release attached to his or her Severance Agreement in accordance with the procedures set forth in that Severance Agreement, or if appropriate, any subsequently tendered release from the Company or an affiliate thereof; and
- (4) Was eligible for and elected the Defined Dollar Subsidy offered in connection with the 2002 Restructuring,

shall be eligible for retiree medical coverage hereunder, and shall receive an annual Defined Dollar Subsidy toward the cost of such coverage. The Participant shall remain responsible for the annual cost of coverage to the extent such cost exceeds the Defined Dollar Subsidy equal to the applicable amount set forth in subsection 4.06(b) or (c).

- (b) Pre-Medicare Defined Dollar Subsidy. Before the date the former Employee becomes eligible for Medicare coverage, the annual Defined Dollar Subsidy shall equal \$170 times Years of Service towards coverage for the former Employee, and \$120 times Years of Service towards coverage for his or her spouse.

- (c) Medicare-Eligible Defined Dollar Subsidy. On and after the date the former Employee becomes eligible for Medicare coverage, the annual Defined Dollar Subsidy shall equal \$35 times Years of Service towards coverage for the former Employee, and \$25 times Years of Service towards coverage for his or her spouse.
- (d) Years of Service. For purposes of this Section only, "Years of Service" equals the number of Years of Service earned by the former Employee towards eligibility for an early retirement pension under each defined benefit pension plan maintained by the Company or an affiliate in which the former Employee participated, as calculated under the terms of each applicable defined benefit pension plan.

4.07 Special Provisions Applicable to Certain Outsourced and Severed Employees. Notwithstanding any provision of the Plan to the contrary, but subject to the particular eligibility provisions of each section of this Article IV, any Participant who (i) was notified in writing on June 21, 2005, or any following date up to and including December 31, 2005, that his or her employment was outsourced to International Business Machines Corporation (the "IBM Outsourcing"), (ii) received an initial Severance Letter Agreement dated on June 21, 2005, or any following date up to and including December 31, 2005, from the Company in connection with the IBM Outsourcing, (iii) elected by January 10, 2006 to be part of the termination from service window offered to employees eligible for the NiSource Inc. Executive Severance Policy, or (iv) was otherwise terminated from employment in connection with the 2005/2006 corporate restructuring on or before March 31, 2006, as reflected in his termination letter, shall be considered a Retiree and eligible for retiree medical benefits under Section 4.05 and the remainder of the Plan as follows:

- (a) Each Participant who was age 50 to 54 with at least 10 Years of Service as of his or her termination of employment with the Company and any Related Employer shall be considered a Retiree upon reaching age 55;
- (b) Each Participant who was age 55 or over with 5 to 9 Years of Service as of his or her termination of employment with the Company and any Related Employer shall be considered a Retiree as of the date that such individual would have completed 10 Years of Service had he or she continued to be employed by the Company or a Related Employer but for the IBM Outsourcing or related severance; and
- (c) Each Participant who was age 50 or over with 5 to 9 Years of Service as of his or her termination of employment with the Company and any Related Employer shall be considered a Retiree as of the date that such individual reaches age 55 and would have completed 10 Years of Service had he or she continued to be employed by the Company or a Related Employer but for the IBM Outsourcing or related severance.
- (d) For purposes of this Section 4.04 and Section 4.02, "Years of Service" equals the number of Years of Service earned by a former Employee towards eligibility for an early retirement pension under each defined benefit pension plan maintained by the Company or an affiliate in which the former Employee participated, as calculated under the terms of each applicable defined benefit pension plan; provided, however, that Years of Service shall not include any pension service time added as a result of the IBM Outsourcing or severance in connection with the IBM Outsourcing.

4.08 MAP Options. The terms and conditions of coverage under the MAP Rx Option and the MAP Med Only Option are as follows:

(a) Benefits. Each of the MAP Rx Option and the MAP Med Only Option provides the following benefits:

(1) Physician Services. For office visits (primary care, specialist and surgical/hospital visits), up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible and a separate MAP Deductible of \$100.

(2) Preventive and Wellness Services. Up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible and a separate MAP Deductible of \$100, for the following services:

(A) Routine gynecological exam;

(B) Routine mammogram;

(C) Routine Pap smear test;

(D) Routine flexible sigmoidoscopy; and

(E) Routine prostate cancer screening;

Routine physical exams are not covered under this Option.

(3) Diagnostic Services. For x-rays, allergy tests and laboratory tests, up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible and a separate MAP Deductible of \$100.

(4) Outpatient Services. For surgery, up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible and a separate MAP Deductible of \$100.

(5) Emergency Services. For emergency room services, up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible and a separate MAP Deductible of \$100.

(6) Hospital Services.

(A) Inpatient days covered by Medicare (including the inpatient deductible for inpatient days covered by Medicare) are not covered or payable under the Plan. Without limiting the generality of the foregoing, inpatient facility charges and skilled nursing facility charges covered by Medicare are not covered by the Plan.

- (B) For semi-private room and board charges, surgery services and x-ray and laboratory services, after Covered Person's payment of separate MAP Deductible of \$100, eighty percent of charges not covered by Medicare due to Medicare benefits being exhausted, not to exceed the Maximum Allowable Amount.
- (7) VA Facilities. For inpatient services, an amount equal to the Medicare inpatient deductible, were Medicare to apply. For outpatient services, 20% of Maximum Allowable Amount.
- (8) Transplant Services. Up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount. The Plan shall provide assistance with reasonable and necessary travel expenses as determined by the Plan Administrator when the Covered Person obtains prior approval and is required to travel more than 100 miles from his or her residence to reach the Hospital where the covered transplant procedure will be performed. The Plan's assistance with travel expenses includes transportation to and from the Hospital and lodging for the patient and one companion. Benefits for lodging are limited to \$75.00 per day. Travel expenses and lodging expenses, on a combined basis, are limited to \$20,000. To obtain reimbursement, the Covered Person must submit itemized receipts for transportation and lodging expenses in a form satisfactory to the Plan Administrator.
- (9) Prescription Drug Coverage. The MAP Rx Option shall provide prescription drug coverage. No prescription drug coverage is provided under the MAP Med Only Option. A Post-65 Retiree who enrolls in Medicare Part D shall automatically be deemed to have elected the MAP Med Only Option. A Post-65 Retiree who elects, or is deemed to have elected, the MAP Med Only Option shall not be eligible to participate in the MAP Rx Option at a later date. Prescription drug coverage under the MAP Rx Option shall be provided in accordance with the provisions of Article IX.
- (10) Mental Health Services.
- (A) *Inpatient Treatment.* After Covered Person's payment of separate MAP Deductible of \$100, eighty percent of charges not covered by Medicare due to Medicare benefits being exhausted, not to exceed the Maximum Allowable Amount.
- (B) *Outpatient Treatment.* After Covered Person's payment of Medicare Part B deductible, 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount.
- (11) Substance Abuse.
- (A) *Inpatient Treatment.* After Covered Person's payment of separate MAP Deductible of \$100, eighty percent of charges not covered by Medicare due to Medicare benefits being exhausted, not to exceed the Maximum Allowable Amount.
- (B) *Detoxification.* Eighty percent of Medicare-approved charges not paid by Medicare, not to exceed the Maximum Allowable Amount.

(C) Outpatient Treatment. After Covered Person's payment of Medicare Part B deductible, 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount.

(12) Other Services. For durable medical equipment, vision benefits (diagnostic vision exams only) and hearing benefits (diagnostic hearing exams only), up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible and a separate MAP Deductible of \$100. For durable medical equipment not covered by Medicare, 100% of Maximum Allowable Amount, after Covered Person's payment of separate MAP Deductible of \$100 (not combined with Inpatient Facility, Skilled Nursing Facility, Home Health and Hospice charges).

(b) Lifetime Maximum. The total maximum benefit payable under the MAP Rx Option and the MAP Med Only Option, separately and collectively, with respect to each Covered Person during such person's lifetime shall not exceed \$50,000.

4.09 MSP Option. The terms and conditions of coverage under the MSP Option are as follows:

(a) Benefits. The MSP Option provides the following benefits:

(1) Deductible and Coinsurance. One hundred percent of the inpatient hospital deductible of Medicare, except for lifetime reserve days.

(2) Physician Services. For office visits (primary care and specialist) and surgical/hospital visits, 100% of Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.

(3) Preventive and Wellness Services. One hundred percent of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80% for the following services:

(A) Routine gynecological exam;

(B) Routine mammogram;

(C) Routine Pap smear test;

(D) Routine flexible sigmoidoscopy; and

(E) Routine prostate cancer screening;

Routine physical exams are not covered under this Option.

(4) Diagnostic Services. For x-rays, allergy tests and laboratory tests, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.

(5) Outpatient Services. For surgery, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.

- (6) Emergency Services. For emergency room services, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.
- (7) Hospital Services. One hundred percent of the Medicare inpatient hospital deductible for semi-private room and board charges.. One hundred percent of room and board and routine nursing service charges not paid by Medicare from day 61 through day 90 of confinement in a Hospital. For x-ray and laboratory services, 100% of the Medicare Part A deductible.
- (8) Transplant Services. Up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount. The Plan shall provide assistance with reasonable and necessary travel expenses as determined by the Plan Administrator when the Covered Person obtains prior approval and is required to travel more than 100 miles from his or her residence to reach the Hospital where the covered transplant procedure will be performed. The Plan's assistance with travel expenses includes transportation to and from the Hospital and lodging for the patient and one companion. Benefits for lodging are limited to \$75.00 per day. Travel expenses and lodging expenses, on a combined basis, are limited to \$20,000. To obtain reimbursement, the Covered Person must submit itemized receipts for transportation and lodging expenses in a form satisfactory to the Plan Administrator.
- (9) Surgical Charges Above Those Covered by Medicare. 80% of Maximum Allowable Amount, after a \$50 Deductible per year, for surgical charges above those covered by Medicare, up to a maximum of \$10,000 per year.
- (10) Skilled Nursing Facility. 12.5% of the Medicare inpatient hospital deductible for room and board charges from day 21 to day 100 for a skilled nursing facility confinement in a facility approved by Medicare.
- (11) Mental Health Services.
- (A) *Inpatient Treatment.* One hundred percent of the inpatient hospital deductible of Medicare, except for lifetime reserve days.
- (B) *Outpatient Treatment.* One hundred percent of the Medicare Part B deductible, plus 50% of Medicare approved charges for which Medicare pays 50%.
- (12) Substance Abuse.
- (A) *Inpatient Treatment.* One hundred percent of the inpatient hospital deductible of Medicare, except for lifetime reserve days.
- (B) *Detoxification.* One hundred percent of the inpatient hospital deductible of Medicare, except for lifetime reserve days.
- (C) *Outpatient Treatment.* One hundred percent of the Medicare Part B deductible, plus 50% of Medicare approved charges for which Medicare pays 50%.

- (13) Other Services. For durable medical equipment, vision benefits (diagnostic vision exams only) and hearing benefits (diagnostic hearing exams only), 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%.

4.10 MPP Option. The terms and conditions of coverage under the MPP Option are as follows:

- (a) General. The MPP Option provides the following benefits:
 - (1) For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare;
 - (2) For day 61 through day 90 of confinement, 25% of the inpatient hospital deductible of Medicare for each day of confinement;
 - (3) 12.5% of the Medicare inpatient hospital deductible for room and board charges from day 21 to day 100 for a skilled nursing facility confinement in a facility approved by Medicare;
 - (4) 100% of the Medicare Part B deductible and 20% thereafter of Medicare-approved doctors' and surgeons' fees, surgical operations, x-rays, laboratory tests and other diagnostic services incurred during the year;
 - (5) 50% of outpatient psychiatric treatment during the year; and
 - (6) 80% of Maximum Allowable Amount, after a \$50 Deductible per year, for surgical charges above those covered by Medicare, up to a maximum of \$10,000 per year.
- (b) No Double Coverage / Allowable Charges. The MPP Option shall not cover any charges that are also payable by Medicare. All charges eligible for payment under the MPP Option must be deemed Medically Necessary by a Covered Person's Physician and be Medicare allowable.

4.11 Medigap Option. The terms and conditions of coverage under the Medigap Option are as follows:

- (a) Medical Benefits. Medical benefits under the Medigap Option are offered through an Other Insured Arrangement Option.
- (b) Prescription Drug Coverage. Prescription drug coverage under the Medigap Option shall be provided in accordance with the provisions of Article IX, but shall be limited to an annual maximum of \$5,000 per Covered Person calculated based upon a twelve-month period beginning April 15 and ending the following April 14.

4.12 BSG MSP Multi-Union Option. The terms and conditions of coverage under the BSG MSP Multi-Union Option are as follows:

- (a) Benefits. The BSG MSP Multi-Union Option provides the following benefits:
 - (1) Hospital Services. For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. Full coverage

for the lifetime reserve day coinsurance for the 60 lifetime reserve days. Ninety percent coverage of additional hospital days in a Covered Person's lifetime when Medicare benefits are exhausted. (Benefits for the additional days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)

- (2) Physician Services. For office visits (primary care and specialist) and surgical/hospital visits, 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible. For outpatient mental health, 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible.
- (3) Preventive and Wellness Services. Twenty percent of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, for the following services, after the Covered Person's payment of the Medicare Part B deductible:
 - (A) One routine fecal-occult blood test every year;
 - (B) One routine flexible sigmoidoscopy every four years;
 - (C) One routine colonoscopy every two years for a Covered Person at high-risk for cancer;
 - (D) Other routine colorectal cancer screening tests or procedures and changes to tests or procedures according to frequency limits set by Medicare;
 - (E) Routine prostate cancer screening, including one (PSA) test and one digital rectal exam, per calendar year;
 - (F) One routine gynecological exam every two years;
 - (G) One routine gynecological exam per calendar year for a Covered Person at high risk for cancer, if covered by Medicare;
 - (H) One routine mammogram per calendar year; and
 - (I) One routine Pap smear test per calendar year (exam not covered every year unless covered by Medicare for Covered Person at high risk for cancer).

Routine physical exams are not covered under this Option.

- (4) Diagnostic Services. For x-rays, allergy tests and laboratory tests, 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible.
- (5) Outpatient Services. For surgery, 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible. For mental health

services, 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible.

- (6) Emergency Services. For emergency room and urgent care services, 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible.
- (7) Miscellaneous Hospital Services. One hundred percent of the Medicare inpatient hospitable deductible for semi-private room and board charges. For surgery, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount. For x-ray and laboratory services, 100% of the Medicare Part A deductible.
- (8) Transplant Services. Up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.
- (9) Mental Health Services.
 - (A) *Inpatient Treatment.* For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. For day 91 through 150 of inpatient hospital confinement, coinsurance per day. For inpatient hospital confinement after 150 days, 90% of covered services up to 365 additional hospital days in a Covered Person's lifetime when Medicare benefits are exhausted. (The 365 additional days per Covered Person's lifetime are a combination of days in a general or mental Hospital. Benefits for the additional 365 days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)
 - (B) *Outpatient Treatment.* Fifty percent of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount.
- (10) Substance Abuse.
 - (A) *Inpatient Treatment.* For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. For day 91 through 150 of inpatient hospital confinement, coinsurance per day. For inpatient hospital confinement after 150 days, 90% of covered services up to 365 additional hospital days in a Covered Person's lifetime when Medicare benefits are exhausted. (The 365 additional days per Covered Person's lifetime are a combination of days in a general or mental Hospital. Benefits for the additional 365 days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)

(B) Detoxification. For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. For day 91 through 150 of inpatient hospital confinement, coinsurance per day. For inpatient hospital confinement after 150 days, 90% of covered services up to 365 additional hospital days in a Covered Person's lifetime when Medicare benefits are exhausted. (The 365 additional days per Covered Person's lifetime are a combination of days in a general or mental Hospital. Benefits for the additional 365 days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)

(C) Outpatient Treatment. Fifty percent of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount.

(11) Skilled Nursing Facility. For a skilled nursing facility, 100% of Medicare coinsurance for days 21 through 100. No benefits are provided for services rendered after 100 days of continuous confinement.

(12) Other Services. For durable medical equipment, vision benefits (diagnostic vision exams only) and hearing benefits (diagnostic hearing exams only), 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount, after Covered Person's payment of the Medicare Part B deductible.

(13) Certain Charges Excluded. Private duty nursing charges covered by Medicare are not covered under the Plan.

(b) Maximum Lifetime Benefit. The total maximum benefit payable under the BSG MSP Multi-Union Option with respect to each Covered Person during such person's lifetime shall not exceed \$2,000,000.

4.13 BSG MSP Options. The terms and conditions of coverage under the BSG MSP Med Only Option and the BSG MSP Rx Option are as follows:

(a) Benefits. Each of the BSG MSP Med Only Option and the BSG MSP Rx Option provides the following benefits:

(1) Hospital Services. For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. Full coverage for the lifetime reserve day coinsurance for the 60 lifetime reserve days. Full coverage of additional hospital days in a Covered Person's lifetime when Medicare benefits are exhausted. (Benefits for the additional days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)

(2) Physician Services. For office visits (primary care and specialist) and surgical/hospital visits, 100% of the Medicare Part B deductible, plus 20% of

Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.

- (3) Preventive and Wellness Services. One hundred percent of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80% for the following services, not to exceed the Maximum Allowable Amount:
- (A) One routine fecal-occult blood test every year;
 - (B) One routine flexible sigmoidoscopy every four years;
 - (C) One routine colonoscopy every two years for a Covered Person at high-risk for cancer;
 - (D) Other routine colorectal cancer screening tests or procedures and changes to tests or procedures according to frequency limits set by Medicare;
 - (E) Routine prostate cancer screening, including one (PSA) test and one digital rectal exam, per calendar year;
 - (F) One routine gynecological exam every two years;
 - (G) One routine gynecological exam per calendar year for a Covered Person at high risk for cancer, if covered by Medicare;
 - (H) One routine mammogram per calendar year; and
 - (I) One routine Pap smear test per calendar year (exam not covered every year unless covered by Medicare for Covered Person at high risk for cancer).

Routine physical exams are not covered under this Option.

- (4) Diagnostic Services. For x-rays, allergy tests and laboratory tests, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.
- (5) Outpatient Services. For surgery, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.
- (6) Emergency Services. For emergency room and urgent care center services, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.
- (7) Miscellaneous Hospital Services. One hundred percent of the Medicare inpatient hospitable deductible for semi-private room and board charges. For surgery, 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount. For x-ray and laboratory services, 100% of the Medicare Part A deductible.

- (8) Transplant Services. Up to 20% of Medicare approved charges for which Medicare pays 80%, not to exceed the Maximum Allowable Amount.
- (9) Prescription Drugs. The BSG MSP Rx Option shall provide prescription drug coverage. No prescription drug coverage is provided under the BSG MSP Med Only Option. A Post-65 Retiree who enrolls in Medicare Part D shall automatically be deemed to have elected the BSG Med Only Option. A Post-65 Retiree who elects, or is deemed to have elected, the BSG MSP Med Only Option shall not be eligible to participate in the BSG MSP Rx Option at a later date. Prescription drug coverage under the BSG MSP Rx Option shall be provided in accordance with the provisions of Article IX. Notwithstanding the foregoing or any other provision of the Plan, prescription drug coverage shall not be available under the Plan to a Post-65 Retiree or to a Dependent of a Post-65 Retiree or a Pre-65 Retiree, if the Retiree (i) is a former Employee who was represented by United Steel Workers Local Union No. 12026 (Springfield Clerical/Technical) and who retired on or after January 1, 2011, or (ii) is a former Employee who was represented by the International Brotherhood of Electrical Workers Local Union No. 486 (Northampton) and who retired on or after January 1, 2013.
- (10) Mental Health Services.
- (A) *Inpatient Treatment.* For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. One hundred percent coverage for lifetime reserve day coinsurance for the 60 lifetime reserve days. One hundred percent coverage of covered services for additional hospital days when Medicare benefits are exhausted. (Benefits for the additional days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)
- (B) *Outpatient Treatment.*
- (i) *Biologically based mental conditions.* (Treatment for rape-related mental or emotional disorders is covered to the same extent as biologically-based conditions). When covered by Medicare, 100% of the Medicare Part B deductible, plus 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount. When not covered by Medicare, 100% coverage of services at rate negotiated between the exclusive provider organization and the Contracted Provider.
- (ii) *Non-biologically based mental conditions.* (Includes drug addiction and alcoholism). When covered by Medicare, 100% of the Medicare Part B deductible, plus 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount. When not covered by Medicare, 100% coverage of services at rate negotiated between the exclusive provider organization and the Contracted Provider.

- (11) Substance Abuse.
- (A) *Inpatient Treatment.* For non-biologically based mental conditions (includes drug addiction and alcoholism) involving inpatient admissions in a general Hospital or mental Hospital: For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. One hundred percent coverage for lifetime reserve day coinsurance for the 60 lifetime reserve days. One hundred percent coverage of covered services for additional hospital days in a Covered Person's lifetime when Medicare benefits are exhausted. (Benefits for the additional days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)
- (B) *Detoxification.* For non-biologically based mental conditions (includes drug addiction and alcoholism) involving inpatient admissions in a general Hospital or mental Hospital: For the first 60 days of confinement in a Hospital, 100% of the inpatient hospital deductible of Medicare. For day 61 through day 90 of inpatient hospital confinement, 100% of the Medicare coinsurance. One hundred percent coverage for lifetime reserve day coinsurance for the 60 lifetime reserve days. One hundred percent coverage of covered services for additional hospital days when Medicare benefits are exhausted. (Benefits for the additional days that are covered once Medicare benefits are exhausted will be paid at the rate negotiated between the exclusive provider organization and the Contracted Provider.)
- (C) *Outpatient Treatment.* For non-biologically based mental conditions (includes drug addiction and alcoholism), when covered by Medicare, 100% of the Medicare Part B deductible, plus 50% of Medicare approved charges for which Medicare pays 50%, not to exceed the Maximum Allowable Amount. When not covered by Medicare, 100% coverage of services at rate negotiated between the exclusive provider organization and the Contracted Provider.
- (12) Skilled Nursing Facility. For a skilled nursing facility participating with Medicare, 100% of Medicare coinsurance for days 21 through 100, then \$10 daily for days 101 through 365. For a skilled nursing facility not participating with Medicare, \$8 daily. Coverage is limited to a combined maximum of 365 days per benefit period in a Medicare participating and non-participating skilled nursing facility.
- (13) Other Services. For durable medical equipment, vision benefits (diagnostic vision exams only) and hearing benefits (diagnostic hearing exams only), 100% of the Medicare Part B deductible, plus 20% of Medicare approved charges for which Medicare pays 80%.
- (14) Certain Charges Excluded. Private duty nursing charges covered by Medicare are not covered under the Plan.

- (b) Maximum Lifetime Benefit. The total maximum benefit payable under the BSG MSP Med Only Option and the BSG MSP Rx Option, separately and collectively, with respect to each Covered Person during such person's lifetime shall not exceed \$2,000,000.

4.14 Special Provisions Applicable to Post-65 Retirees of Bay State Gas Company and NIPSCO.

- (a) Eligibility. Notwithstanding any other provision in Article IV, Post-65 Retirees of Bay State Gas Company or of NIPSCO who are covered by a collective bargaining agreement, and their Dependents, shall be eligible for coverage under this Article IV only to the extent provided by their respective collective bargaining agreements.
- (b) Contributions. Notwithstanding any other provision in Article IV, except as set forth in the following sentence, Post-65 Retirees of Bay State Gas Company or of NIPSCO who are covered by a collective bargaining agreement shall be required to contribute to coverage under this Article IV as provided by their respective collective bargaining agreements. NIPSCO Represented Retirees who were hired by NIPSCO on or after June 1, 2009, and their spouses, shall be eligible to receive an annual Defined Dollar Subsidy in accordance with Section 4.05(c) above. NIPSCO Represented Retirees who retired on or after January 1, 2006 and who are treated for all purposes of the Plan as former NIPSCO Employees shall be entitled to a monthly payment of \$35.00 as a Medicare Part D Reimbursement.

**ARTICLE V
HMO OPTION**

The Plan may make an HMO Option available. The terms and conditions applicable to such Option shall be contained in the certificate of coverage, the group insurance policy, and other applicable governing documents.

**ARTICLE VI
OTHER INSURED ARRANGEMENT OPTION**

The Plan may make an Other Insured Arrangement Option available. The terms and conditions applicable to such Option shall be contained in applicable certificates of coverage, any applicable group insurance policy, and other applicable governing documents.

**ARTICLE VII
PARTICIPANT PAYMENTS AND LIMITS**

- 7.01 **Deductible.** The Deductible is the amount of Covered Expenses that must be incurred by an individual or Family in a Plan Year before the Plan will pay benefits.
- 7.02 **Co-Insurance.** After Covered Expenses incurred in a calendar year equal the Deductible amount, the Plan will pay the Covered Percentage of Covered Expenses incurred in that calendar year. The Participant shall be responsible for any applicable Co-Insurance. Applicable Covered Percentages and Co-Insurance are set forth in Article IV.
- 7.03 **Co-Payments.** A Co-Payment applies to certain Covered Expenses. Applicable Co-Payments are set forth in the Plan.

- 7.04 Out-of-Pocket Expense Limitation.** The out-of-pocket expenses of a Covered Person for Co-Insurance during any Plan Year shall be limited to the amount set forth in Articles IV and IX. Once the applicable Out-of-Pocket Expense Limitation has been reached, 100% of any remaining Covered Expenses for such person or family shall be paid during the balance of that Plan Year. Any out-of-pocket expenses applied to the In-Network Out-of-Pocket Expense Limitation shall also apply to the Out-of-Network Out-of-Pocket Expense Limitation, and any out-of-pocket expenses applied to the Out-of-Network Out-of-Pocket Expense Limitation shall also apply to the In-Network Out-of-Pocket Expense Limitation.
- 7.05 Maximum Benefits.** Lifetime and annual maximum limits on benefits payable under the Plan are set forth in Article IV. In computing any such maximum limits, benefits paid to or on behalf of any Covered Person under a Predecessor Medicare Supplement Option shall be applied against the maximum limits set forth in Article IV. Without limiting the generality of the foregoing, and by way of example, benefits paid to or on behalf of a Covered Person under the Medical Assistance Plan Option of the Consolidated Flex Medical Plan (or any predecessor plan with respect to the Medical Assistance Plan) shall be counted against the maximum limit set forth in Section 4.08 with respect to the MAP Rx Option and the MAP Med Only Option. Likewise, benefits paid to or on behalf of a Covered Person under the BSG Medical Supplement Plan Option of the Consolidated Flex Medical Plan (or any predecessor plan with respect to the BSG Medical Supplement Plan) shall be counted against the maximum limit set forth in Section 4.13 with respect to the BSG MSP Rx Option and the BSG MSP Med Only Option.

ARTICLE VIII CONTRIBUTIONS TO THE PLAN

- 8.01 Employer Contributions.** Except as provided in Article IV and subsection 15.02(e), each Employer will contribute to the cost of the Plan. The amount of the Employer contribution shall be determined by the Company on an annual basis or as otherwise required by a collective bargaining agreement.
- 8.02 Covered Person Contributions.** As a condition of participation, a Covered Person shall contribute to the cost of coverage in such amount as may be determined from time to time by the Company. The Covered Person contribution shall be the cost of the Plan less any Employer contribution described in Section 8.01.

ARTICLE IX PRESCRIPTION DRUG COVERAGE

- 9.01 General.** The Plan provides prescription drug coverage in accordance with the provisions in this Article. A prescription drug card shall be issued to each Covered Person which shall provide coverage as set forth in the remainder of this Section.
- 9.02 Medicare Part D.** A Covered Person may not be covered by the prescription drug provisions of the MAP Rx Option, the Medigap Option, the BSG MSP Rx Option or any other Post-65 Retiree Coverage Option and a Medicare Part D plan at the same time. If such Covered Person enrolls in a Medicare Part D plan, he or she will no longer be eligible to participate in a Post-65 Retiree Coverage Option that provides prescription drug coverage. If the Covered Person later loses or drops his or her Medicare Part D coverage, he or she will not be able to resume participation in a Post-65 Retiree Coverage Option that provides prescription drug coverage.

9.03 Co-Payments, Co-Insurance and Deductibles. The amount of prescription drug Co-Payment depends on the category of drug the Participant or Pre-65 Retiree Plan Participant purchases. The Out-of-Pocket Expense Limitation on prescription drugs for the MAP Rx Option and the BSG MSP Rx Option is \$750 per person per calendar year. There is no Out-of-Pocket Expense Limitation for the Medigap Option. There is a \$25 Deductible per calendar quarter per Covered Person for the BSG MSP Rx Option.

- (a) *Retail Pharmacy.* For a 30-day supply, a Participant or Pre-65 Retiree Plan Participant shall pay 20 percent of the cost of the drug, subject to a minimum and maximum cost, as set forth in the table below.

MAP Rx Option			
30-Day Supply	Co-Payment	Minimum	Maximum
Generic	20% of the drug cost	\$5	\$15
Formulary	20% of the drug cost	\$15	\$45
Non-formulary	20% of the drug cost	\$30	\$90

BSG MSP Rx Option			
30-Day Supply	Co-Payment	Minimum	Maximum
Generic	0% of the drug cost	NA	NA
Brand	20% of the drug cost	NA	NA

Medigap Option			
30-Day Supply	Co-Payment	Minimum	Maximum
Generic	20% of the drug cost	\$5	\$15
Formulary	20% of the drug cost	\$30	\$45
Non-formulary	20% of the drug cost	\$30	\$90

- (b) *Mail Order.* The Co-Payment for a prescription drug ordered through the mail-order service shall be based on the coverage class of the drug.

MAP Rx Option and Medigap Option			
90-Day Supply	Co-Payment	Minimum	Maximum
Generic	\$10	NA	NA
Formulary	100% of the drug cost	\$11.99	\$30
Non-formulary	100% of the drug cost	\$11.99	\$60

BSG MSP Rx Option			
90-Day Supply	Co-Payment	Minimum	Maximum
Generic	\$2	NA	NA
Brand	\$15	NA	NA

- (c) *Walgreens Advantage 90 Program.* Participants and Pre-65 Retiree Plan Participants in the MAP Rx Option and the Medigap Option may purchase a 90-day supply (or an 84-91 day supply, in the case of the Medigap Option) of prescription drugs from a Walgreens retail pharmacy under the Walgreens Advantage 90 Program. The Co-Payment for such 90-day supply shall be as set forth in the table below.

MAP Rx Option			
90-Day Supply	Co-Payment	Minimum	Maximum
Generic	100% of the drug cost	\$10	\$30
Formulary	20% of the drug cost	\$30	\$90
Non-formulary	100% of the drug cost	\$60	\$180

Medigap Option			
90-Day Supply	Co-Payment	Minimum	Maximum
Generic	20% of the drug cost	\$10	\$30
Formulary	20% of the drug cost	\$30	\$90
Non-formulary	20% of the drug cost	\$60	\$180

9.04 Definitions. For purposes of this Section, the following definitions shall apply:

- (a) "Generic" means drugs no longer covered by the original patent.
- (b) "Formulary" means a list of approved drugs covered under the prescription drug plan.
- (c) "Non-formulary" means drugs not chosen for the Formulary, which do not qualify as Generic.
- (d) "Brand" means a drug that has been patented and is only available through one manufacturer.

9.05 Items Covered. Items covered under this Section include, without limitation, the following Federal legend drugs and supplies, but excluding any item described in Section 9.06 below:

- (a) Insulin;
- (b) Disposable insulin needles/syringes
- (c) Diabetic diagnostics;
- (d) Pre-natal vitamins;
- (e) Compound medications of which at least one ingredient is a Federal legend drug; and
- (f) Any other drugs that under the applicable state law may only be dispensed upon the written prescription of a Physician or other lawful prescriber.

9.06 Items Not Covered. Items not covered under this Section include, without limitation, the following, in addition to other items that the Plan Administrator determines from time to time are not eligible for coverage:

- (a) Drugs or medicines that are lawfully obtainable without the prescription of a Physician, whether or not such drugs are actually obtained by prescription;
- (b) Drugs prescribed for cosmetic reasons;
- (c) Vitamins (unless prescribed);
- (d) Oral contraceptives, unless Medically Necessary;

- (e) Drugs used for the treatment of infertility or relating to conception;
- (f) Drugs used in the treatment of erectile dysfunction or impotence, regardless of the origin, whether biological or psychological;
- (g) Hair treatments;
- (h) Anti-wrinkle treatment;
- (i) Blood glucose testing machines;
- (j) Biologicals;
- (k) Nutritional dietary supplements;
- (l) Over-the-counter medications;
- (m) Certain smoking cessation products; and
- (n) Any item that is not legally procured, including without limitation any Federal legend drug that may not legally be imported from another county.

9.07 Preauthorization. The Plan may require authorization before it will cover certain drugs. Such authorization shall be requested and granted pursuant to procedures as the Plan may establish.

9.08 Step-Therapy. Participants and Dependents shall be subject to a step-therapy prescription drug program that requires pre-approval of certain prescription drugs. Under the terms of such program, a Covered Person shall consult his or her Physician about clinically effective and less costly prescription drug alternatives before the Plan will consider approval of the use of the drugs on the step therapy list.

ARTICLE X EMPLOYEE ASSISTANCE PROGRAM COVERAGE

10.01 Benefits. Covered Persons may choose to receive Employee Assistance Program benefits for which they are eligible as set forth in the applicable Summary Plan Description.

10.02 Claim for Benefits. Any Participant or beneficiary, or his or her duly authorized representative, may file a claim in accordance with the procedures set forth in the applicable Summary Plan Description for the benefits offered hereunder to which the claimant believes he or she is entitled, but that have been previously denied by the Plan Administrator.

ARTICLE XI SUBROGATION

11.01 Subrogation. If an Other Party is liable or legally responsible to pay expenses, compensation and/or damages in relation to a Sickness or an Injury incurred by any Covered Person, and benefits are payable under the Plan in relation to such Sickness or Injury, the Plan shall be subrogated to all rights of recovery of such Covered Person. The Covered Person or his or her legal representative shall transfer to the Plan any rights he or she may have to take legal action arising from the Sickness or Injury so that the Plan may recover any sums paid on behalf of the Covered Person. If the Covered Person fails to take legal action against an Other Party, and the

Plan elects to take such legal action against such Other Party, in addition to the right to recover Plan benefits paid, the Plan shall be entitled to all expenses, including reasonable attorney's fees, incurred for such recovery. If the Plan recovers an amount greater than Plan benefits paid, the excess, reduced by the expenses of recovery, including reasonable attorney's fees, shall be paid to the Covered Person. The Plan shall have the right, with prior notice to, but without the consent of, the Covered Person, to compromise the amount of its claim if, in the opinion of the Plan Administrator, it is appropriate to do so.

11.02 Right of Recovery. The Plan may recover from a Covered Person or his or her legal representative the amount of any benefits paid under the Plan from any payment the Covered Person receives or is entitled to receive from an Other Party. The Plan shall not be responsible for any attorney's fees associated with any payment received by a Covered Person, unless the Plan expressly assumes such obligation prior to the Covered Person's recovery. Accordingly, unless the Plan expressly agrees otherwise, its recovery shall not be offset by any attorney's fees incurred by a Covered Person.

11.03 Cooperation Required. The Covered Person or his or her legal representative shall cooperate fully with the Plan in asserting its subrogation and recovery rights. The Covered Person or his or her legal representative shall, upon request from the Plan, provide all information and sign and return all documents necessary for the Plan to exercise its rights under this Article. No Covered Person shall take any action to prejudice the Plan's subrogation rights.

11.04 First Lien Created. The Plan shall have a first lien upon any recovery, whether by settlement, judgment, mediation, arbitration or any other means, that the Covered Person receives or is entitled to receive from any Other Party. Such lien shall not exceed the lesser of:

(a) The amount of benefits paid by the Plan for the Sickness or Injury, plus the amount of all future benefits that may become payable under the Plan that result from the Sickness or Injury. The Plan shall have the right to offset or recover such future benefits from the amount received from the Other Party; or

(b) The amount recovered from the Other Party.

The Plan's first lien rights will not be reduced (1) due to the Covered Person's own negligence; (2) due to the Covered Person not being made whole; or (3) due to any attorney's fees and costs incurred by the Covered Person.

11.05 Constructive Trust. A Covered Person and his or her legal representative shall place any and all funds recovered from an Other Party in a separate reserve account under the control of the Covered Person and/or his or her legal representative. As a condition of participating in the Plan, a Covered Person and his or her legal representative shall agree that any funds received from an Other Party rightfully and in good conscience belong to the Plan in accordance with this Article, and that such funds shall be held in a constructive trust until distributed in accordance with this Article.

11.06 Personal Liability Created. If a Covered Person or his or her legal representative makes any recovery from any Other Party and fails to reimburse the Plan for any benefits paid as a result of the Sickness or Injury, then (1) the Covered Person or his or her legal representative shall be personally liable to the Plan for the amount of the benefits paid under the Plan; and (2) the Plan may reduce future benefits payable by the amount of payment that the Covered Person or his or her legal representative has received from the Other Party. If the Plan institutes legal action against a Covered Person who fails to reimburse the Plan as required by this Section, in addition

to liability to the Plan for the amount of benefits paid under the Plan, such Covered Person shall be liable to the Plan for the amount of the Plan's costs of collection, including reasonable attorney's fees.

ARTICLE XII NONDUPLICATION OF BENEFITS

12.01 General. Nonduplication of Benefits rules set forth the order of payment of Covered Expenses when two or more plans, including Medicare, are liable for payment. This Article shall not apply to benefits obtained by a Covered Person from an individual medical insurance policy under which such Covered Person is entitled to benefits as a named person.

12.02 Definitions. For purposes of this Article, the following definitions shall apply:

- (a) "Allowable Expense" shall mean the amount of expenses, at least a portion of which is paid under at least one of any multiple plans covering the person for whom the claim is made.
- (b) "Plan" or "Benefit Plan" means this Plan or any one of the following plans:
 - (1) Group or blanket benefit plans, including health maintenance organizations;
 - (2) Blue Cross and Blue Shield group plans;
 - (3) Group practice and other group prepayment plans;
 - (4) Federal government plans or programs, including Medicare;
 - (5) Other plans required or provided by law; and
 - (6) "No fault vehicle insurance," by whatever name it is called, when inclusion is not prohibited by law.

"Plan" or "Benefit Plan" shall not encompass Medicaid or any other plan, program, policy or arrangement that, by its terms, does not allow coordination, integration or carve out of benefits.

- (c) "Order of Benefits Determination" shall mean the method for ascertaining the order in which the Plan renders payment hereunder.

12.03 Application of the Rules. The Plan that is obligated to pay its benefits first shall be known as the "Primary" Plan. The Plan that, by its terms, is obligated to pay additional benefits for Allowable Expenses not paid by the Primary Plan is known as the "Secondary" Plan. Where another Plan contains a provision providing for coordination, integration or carve out of benefits, the following Order of Benefits Determination shall establish the responsibility for payment hereunder:

- (a) The Plan covering the patient as an employee shall be deemed to be the Primary Plan and is obligated to pay before the Plan covering the patient as a Dependent.
- (b) The Plan covering the patient as a Dependent of a person with a birthday earlier in the year shall be deemed to be the Primary Plan and is obligated to pay before the Plan

covering the patient as a Dependent of a person with a birthday later in the year. In the event of divorce or legal separation, the following order shall establish responsibility for payment.

- (1) If a court decree has determined financial responsibility for a Child's health care expenses, the Plan of the parent having that responsibility is Primary. If the parent with financial responsibility has no coverage for the Child's health care expenses, but that parent's spouse does, such spouse's Plan is Primary.
- (2) The Plan of the parent with custody of the Child pays before the Plan of the other parent or the Plan of any stepparent.
- (3) The Plan of the stepparent married to the parent with custody of the Child pays first.
- (4) The Plan of the parent without custody of the child pays before the non-custodial stepparent.

If this Order of Benefits Determination is not recognized by the other Plan, the order will be determined at the option of the Claims Administrator on a case by case basis.

- (c) Where the order of payment cannot be determined in accordance with (a) and (b) above, the Primary Plan shall be deemed to be the Plan that has covered the patient for the longer period of time.

12.04 Plan As Primary Payor. If this Plan is Primary, it will provide payment in accordance with its terms.

12.05 Plan As Secondary Payor. If this Plan is Secondary, it will provide payment in accordance with its terms, considering as a Covered Expense the amount that would have been a Covered Expense in the absence of the Primary Plan, less the amount payable from the Primary Plan.

12.06 When Other Plan Has No Nonduplication of Benefits Rules. This Plan shall be considered to be Secondary when the other Plan does not contain a coordination, integration or carve-out of benefits provision, or if the other Plan provides that it will be Secondary payor in all instances.

12.07 Vehicle Coverage Limitation. When medical benefits are available under vehicle insurance, this Plan shall always be considered as Secondary regardless of the individual's election under PIP (personal injury protection) coverage with the vehicle insurance carrier.

12.08 If Medicare Is Involved.

- (a) General. Notwithstanding anything in the Plan to the contrary, the provisions of this Section apply if Medicare is involved. Medicare shall be deemed to be "involved" if any Covered Person is eligible for benefits from Medicare, regardless of whether such Person has enrolled for coverage under Medicare. A Medicare-eligible Covered Person who fails to enroll for Medicare coverage shall be deemed to be enrolled under all parts of Medicare except Medicare Part D.
- (b) Definitions. The following terms have the meanings set forth herein for purposes of this Section:

- (1) "Benefits" means any service or supply for which an MA Organization incurs a liability under an MA plan.
 - (2) "MA" means Medicare Advantage.
 - (3) "MA Plan Enrollee" means an MA eligible individual who has enrolled in an MA Plan.
 - (4) "MA Organization" means a public or private entity organized and licensed by a State as a risk bearing entity (with the exception of provider sponsored organizations receiving waivers) that is certified by the Centers for Medicare and Medicaid Services ("CMS") as meeting the requirements for participation in the MA program.
 - (5) "MA Plan" means health benefits coverage offered under a policy or contract by an MA Organization.
 - (6) "MA Provider" means any provider authorized to provide medical services or supplies under the MA program.
 - (7) "MA Provider Network" means the MA Providers with which an MA Organization contracts or makes arrangements to furnish covered health care services to MA Plan Enrollees.
 - (8) "Medicare" means Title XVIII (Health Insurance for the Aged) of the United States Social Security Act, as amended.
 - (9) "Order of Benefits Determination" means the order in which Medicare benefits are paid, in relation to the benefits of this Plan.
 - (10) "Person" means a person who is eligible for benefits as a Covered Person under this Plan and who is or could be covered by Medicare Parts A and B, whether or not actually enrolled.
- (c) Order of Benefits Determination. When Medicare is involved, the order of Benefits Determination shall be as follows:
- (1) For active Employees who are Covered Persons, and for their Dependents, this Plan will be Primary payor and Medicare will be Secondary payor.
 - (2) For Covered Persons who are not active Employees and who are eligible for Medicare by reason of age alone, and for their Dependents who are eligible for Medicare, this Plan shall be Secondary payor and Medicare shall be Primary payor.
 - (3) For Covered Persons eligible for Medicare, either entirely or in part, by reason other than age, the following provisions shall apply:
 - (A) For persons eligible for Medicare by reason of disability, subsection 12.08(c)(1) shall apply;
 - (B) For Covered Persons eligible for Medicare by reason of end-stage renal disease and for whom Medicare was already Primary at the time the

Covered Person became eligible for Medicare due to end-stage renal disease, subsection 12.08(c)(1) shall not apply. In such case, after becoming eligible for Medicare due to end-stage renal disease, benefits of this Plan shall be Primary during the initial thirty-month period that begins on the date such Person first becomes eligible for Medicare due to end-stage renal disease. Once the thirty-month period has expired, Medicare shall be Primary.

- (4) For Covered Persons who are MA Plan Enrollees, this Plan shall be either a Primary or Secondary payor in accordance with subparagraphs (1), (2) or (3) above.
- (d) Payment Provisions. If this Plan is Secondary to Medicare, this Plan will provide payment in accordance with its terms, considering as a Covered Expense the amount that would have been a Covered Expense in the absence of Medicare, less (1) the amount payable from Medicare; and (2) the amount denied by Medicare for which a Covered Person is not legally responsible. An amount shall be deemed "payable" from or "denied" by Medicare without regard for whether the person is enrolled under Medicare. If an MA Plan Enrollee who is a Covered Person receives services or supplies for which no Benefits are payable because such services or supplies are from a provider that is not an MA Provider, or are provided outside of an MA Provider Network, this Plan, if a Secondary payor, shall provide benefits in the same amount as if the Covered Person had received Benefits.
- (e) Coordination of Medicare Part D. If a Covered Person has prescription drug coverage under the Plan and Medicare Part D simultaneously, such coverage shall coordinate as provided by law.

ARTICLE XIII ADMINISTRATION OF PLAN

- 13.01 Committee to Administer the Plan.** The Plan shall be administered by the Committee. The Committee shall be the "Named Fiduciary" and the "Plan Administrator" within the meaning of ERISA. The Committee may delegate its fiduciary responsibilities under the Plan to the extent permitted by ERISA.
- 13.02 The Committee.** The powers of the Committee are set forth below and in the charter of the Committee, as such charter may be modified from time to time.
- 13.03 Powers of the Plan Administrator.** The Plan Administrator shall have the duties and powers necessary to administer the Plan properly, including, but not limited to, the following:
- (a) To maintain all Plan records;
 - (b) To file all required government reports and other documents;
 - (c) To provide required disclosures to Covered Persons;
 - (d) To direct the Claims Administrator to process claims;

- (e) To interpret the Plan, construe Plan terms and decide questions and disputes, which interpretations, constructions and decisions shall be conclusive for all purposes of the Plan;
- (f) To make factual determinations;
- (g) To determine eligibility for and the amount of benefits payable under the Plan;
- (h) To determine the status and rights of all Covered Persons;
- (i) To make regulations and prescribe procedures;
- (j) To authorize the Claims Administrator to make benefit payments to any person entitled to benefits under the Plan;
- (k) To obtain from the Company, Covered Persons and others, such information as is necessary for the proper administration of the Plan;
- (l) To determine and establish the level of cash reserves, if any, as may be necessary, appropriate or desirable to administer the Plan properly and accomplish its objectives;
- (m) To retain and pay the reasonable expenses of such legal, consulting, medical, accounting, clerical and other assistance as it deems necessary or desirable to assist it in the administration of the Plan. The Plan Administrator shall be entitled to rely upon any information from any source assumed in good faith to be correct; and
- (n) To exercise any other authority necessary, appropriate or helpful to manage and administer the Plan.

13.04 Interpretative Authority. The Plan Administrator has the full and final discretionary authority to decide all questions or controversies of whatever character arising in any manner between any parties or persons in connection with the Plan or the interpretation thereof, including, without limitation, the construction of the language of the Plan and the Summary Plan Description thereunder. Any writing, decision, determination of benefit eligibility or any other determination or instrument created by the Plan Administrator in connection with the operation of the Plan shall be binding upon all persons dealing with the Plan or claiming any benefits thereunder, except to the extent that the Plan Administrator may subsequently determine, in its sole discretion, that its original decision was in error, or to the extent such decision may be determined to be arbitrary or capricious by a court or other entity having jurisdiction over such matters. Benefits under the Plan shall be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them.

13.05 Appointment of the Claims Administrator. The Plan Administrator shall appoint a Claims Administrator to provide administrative services to the Plan Administrator in connection with the operation of the Plan and to perform such other functions, including processing and payment of claims, as may be delegated to it. The person, persons or entity serving as Claims Administrator shall serve at the pleasure of the Plan Administrator.

ARTICLE XIV CLAIMS FOR BENEFITS

14.01 Consideration of Initial Claim.

- (a) Filing Initial Claim. The Claims Administrator shall process benefit claims pursuant to the procedures set forth below. Initial claims shall be filed within eighteen months from the date a charge is incurred. The Plan Administrator, a member of the Company's Human Resource Department or such other designee of the Plan Administrator may decide benefit claims requiring a determination of whether an individual meets the requirements for eligibility under the terms of the Plan, which determination may result in a denial, reduction, or termination of, or failure to provide payment for, a benefit. Solely with respect to claims involving a determination of an individual's eligibility under the Plan, the term "Claims Administrator" as used in this Article shall refer also to the Plan Administrator, a member of the Company's Human Resource Department or such other designee of the Plan Administrator.
- (b) Urgent Care Claims. In the case of an Urgent Care Claim, the Claims Administrator shall provide notice to the claimant of its decision regarding his or her claim within a reasonable period of time appropriate to the medical circumstances, but not later than 72 hours after receipt of the claim by the Plan, unless the claimant fails to provide sufficient information to permit a determination whether, or to what extent, benefits are covered or payable under the Plan. If the claimant does not provide sufficient information for the Claims Administrator to make such determination, then within 24 hours after the Claims Administrator's receipt of the claim, the claimant shall be notified of the specific information needed to complete the claim. Notice regarding missing information may be provided orally, unless a claimant or his or her authorized representative specifically request written notification. Once the claimant is notified, he or she shall have a reasonable amount of time, but not less than 48 hours, to provide the missing information. The Claims Administrator shall notify the claimant of its decision regarding the claim within 48 hours of the earlier of (i) the Claims Administrator's receipt of the specified information, or (ii) the end of the period afforded the claimant to provide the specified additional information.

An "Urgent Care Claim" is any claim that must be processed on an expedited basis because a delay in processing could seriously jeopardize the life or health of the patient or the ability of the patient to regain maximum function, or in the opinion of the patient's doctor, a delay would subject the patient to severe pain that cannot be adequately managed without the care or treatment that is the subject of the claim.

- (c) Pre-Service Claims. In the case of a Pre-Service Claim, the Claims Administrator shall provide notice to the claimant of its decision regarding his or her claim within a reasonable period of time appropriate to the medical circumstances, but not later than 15 days after receipt of the claim by the Plan. This 15-day period may be extended for up to 15 days due to matters beyond the control of the Plan if, prior to the expiration of the initial 15-day period, the Claims Administrator notifies the claimant of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision. If the claimant does not provide sufficient information for the Claims Administrator to make a determination, within five days after receipt of the claim he or she shall be notified of the specific information necessary to complete the claim. Notice regarding missing information may be provided orally, unless a claimant or his or her authorized representative specifically request written notification. Once the claimant is notified, he or she shall have a reasonable amount of time, but not less than 45 days from receipt of the notice, to provide the missing information.

A "Pre-Service Claim" is any claim where the Plan requires approval of the benefit in advance of obtaining the medical care, in whole or in part.

- (d) Post-Service Claims. In the case of a Post-Service Claim, the Claims Administrator shall provide notice of an adverse determination to the claimant within a reasonable period of time, but not later than 30 days after receipt of the claim by the Plan. This 30-day period may be extended for up to 15 days for matters beyond the control of the Plan if, prior to the expiration of the initial 30-day period, the Claims Administrator notifies the claimant of the circumstances requiring the extension and the date by which the Claims Administrator expects to render a decision. If the claimant does not provide sufficient information for the Claims Administrator to make a determination, the claimant shall receive notice of the specific information necessary to complete the claim. Once the claimant is notified he or she shall have a reasonable amount of time, but not less than 45 days from receipt of the notice, to provide the missing information.

A "Post-Service Claim" is any claim that is not an Urgent Care Claim, a Pre-Service Claim or a Concurrent Care Claim.

- (e) Concurrent Care Claims. In the case of an ongoing course of treatment, the claimant shall receive notice of any reduction or early termination of treatment in advance so that the claimant may appeal the reduction or termination and obtain a determination on review before the treatment is reduced or terminated. If the claimant submits an Urgent Care Claim to extend any ongoing course of treatment beyond the period of time or number of treatments initially prescribed, the Claims Administrator shall notify the claimant of the determination to extend the treatment within 24 hours after receipt of the claim, provided the claimant submits the claim at least 24 hours prior to the expiration of the prescribed treatment. If the request to extend any ongoing course of treatment is not an Urgent Care Claim, the Claims Administrator will treat the claim as either a Pre-Service Claim or a Post-Service Claim (as applicable) and will consider the claim according to the timeframes applicable to Pre-Service Claims or Post-Service Claims, whichever applies. The Claims Administrator shall be solely responsible for handling all Concurrent Care Claims.

A "Concurrent Care Claim" is any claim involving a decision to reduce or terminate an ongoing course of treatment or a decision regarding a request by a claimant to extend a course of treatment beyond what has been approved.

- 14.02 If the Claims Administrator Denies the Initial Claim.** If the Claims Administrator denies all or any portion of a claim, it shall provide notice of the denial stating (1) the specific reason for the denial; (2) the specific Plan provisions on which the denial is based; (3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (4) a description of the Plan's review procedures (as set forth below) and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse determination on all appeals.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion shall be provided to the claimant free of charge, or the claimant shall be informed that such rule, guideline, protocol, or other criterion shall be provided free of charge to the claimant upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse determination, either

an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the medical circumstances) shall be provided free of charge to the claimant, or the claimant shall be informed that such explanation shall be provided free of charge to the claimant upon request.

If the Claims Administrator denies a claimant's Urgent Care Claim in whole or in part, the Claims Administrator shall provide a description of the expedited review process for Urgent Care Claims (as set forth below). The Claims Administrator shall provide notice to the claimant orally, followed by written or electronic notice within three days of the oral notification.

14.03 Appeal to the Claims Administrator.

- (a) General. If the Claims Administrator denies all or any portion of a claim on appeal, a claimant or his or her duly authorized representative may request a review of such denial by the Claims Administrator by sending a written request for review to the Claims Administrator within 180 days of receipt of the Claims Administrator's notice of claim denial.

A claimant may submit written comments, documents, records, and other information relating to his or her claim for benefits. Upon request, a claimant shall receive, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim.

A claimant's written request should state why he or she thinks the claim should not have been denied. The claimant's request shall include any denial letter he or she received and any additional documents, information or comments he or she thinks may have a bearing on the claim.

Upon receipt of a request for review, the Claims Administrator shall conduct a review that takes into account all comments, documents, records, and other information submitted by a claimant or his or her authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review shall not afford any deference to the Claims Administrator's adverse benefit determination, and shall be conducted by an individual who is neither the individual who made the adverse benefit determination that is subject of the appeal, nor the subordinate of such individual.

If the denial was based in whole or in part on a medical judgment, the Claims Administrator shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional consultant shall be neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual. The Claims Administrator shall provide to the claimant upon request the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

- (b) Expedited Review for Urgent Care Claims. In the case of an Urgent Care Claim, a claimant may submit a request for an expedited appeal either in writing or orally. All necessary information for the review, including the Claims Administrator's determination on review, shall be transmitted between the Plan and the claimant by telephone, facsimile, or another similarly expeditious method. The Claims Administrator shall

notify the claimant of its determination on review as soon as possible, taking into account the medical exigencies, but not later than 72 hours after receipt of the claimant's request for review of an adverse benefit determination.

- (c) Pre-Service Claims. In the case of a Pre-Service Claim, the Claims Administrator shall notify the claimant of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 15 days after receipt of a claimant's request for review.
- (d) Post-Service Claims. In the case of a Post-Service Claim, the Claims Administrator shall provide the claimant with notice of its determination on review within a reasonable period of time, but not later than 30 days after receipt of the claimant's request for review.

14.04 If the Claims Administrator Denies a Claim on Appeal. If the Claims Administrator denies all or any portion of a claim on appeal, it shall notify the claimant of the following, in a manner calculated to be understood by the claimant: (1) the specific reason or reasons for the denial; (2) reference to the specific Plan provisions on which the denial is based; (3) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim; (4) a statement describing any voluntary appeal procedures offered by the Plan and a claimant's right to obtain information about such procedures; and (5) a statement indicating that a claimant has a right to file a lawsuit upon completion of the claims procedure process.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion shall be provided to the claimant free of charge, or the claimant shall be informed that such rule, guideline, protocol, or other criterion shall be provided free of charge to the claimant upon request. If the Claims Administrator relied upon medical necessity or experimental treatment or similar exclusion or limit in making the adverse determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the claimant's medical circumstances) shall be provided to the claimant free of charge, or the claimant shall be informed that such explanation shall be provided free of charge to the claimant upon request.

In addition, the notice shall include the following statement: "A claimant and his or her plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact the local U.S. Department of Labor office."

14.05 Appeal to the Claims Administrator of Pre- and Post-Service Claim Denials.

- (a) General. If the Claims Administrator denies all or any portion of a Pre-Service Claim or a Post-Service Claim on appeal, a claimant or his or her duly authorized representative may request a review of such denial by the Claims Administrator by sending a written request for review to the Claims Administrator within 180 days of receipt of the Claims Administrator's notice of claim denial.

Requests for review should be sent to the Claims Administrator at the address furnished by the Plan Administrator from time to time.

A claimant may submit written comments, documents, records, and other information relating to his or her claim for benefits. Upon request, a claimant shall receive, free of

charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim.

A claimant's written request should state why he or she thinks the claim should not have been denied. The claimant's request shall include any denial letter he or she received and any additional documents, information or comments he or she thinks may have a bearing on the claim.

Upon receipt of a request for review, the Claims Administrator shall conduct a review that takes into account all comments, documents, records, and other information submitted by a claimant or his or her authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review shall not afford any deference to the Claims Administrator's adverse benefit determination on appeal, and shall be conducted by an individual who is neither the individual who made the adverse benefit determination that is subject of the appeal, nor the subordinate of such individual.

If the denial was based in whole or in part on a medical judgment, the Claims Administrator shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This health care professional consultant shall be neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual. The Claims Administrator shall provide to the claimant the identities of any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination.

- (b) Pre-Service Claims. In the case of a Pre-Service Claim, the Claims Administrator shall notify the claimant of its determination on review within a reasonable period of time appropriate to the medical circumstances, but not later than 15 days after receipt of a claimant's request for review.
- (c) Post-Service Claims. In the case of a Post-Service Claim, the Claims Administrator shall provide the claimant with notice of its determination on review within a reasonable period of time, but not later than 30 days after receipt of the claimant's request for review.

14.06 If the Claims Administrator Denies a Claim on Appeal. If the Claims Administrator denies all or any portion of a claim on appeal, it shall notify the claimant of the following, in a manner calculated to be understood by the claimant: (1) the specific reason or reasons for the denial; (2) reference to the specific Plan provisions on which the denial is based; (3) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim; (4) a statement describing any voluntary appeal procedures offered by the Plan and a claimant's right to obtain information about such procedures; and (5) a statement indicating that a claimant has a right to file a lawsuit upon completion of the claims procedure process.

If the Claims Administrator relied upon an internal rule, guideline, protocol, or other similar criterion in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion shall be provided to the claimant free of charge, or the claimant shall be informed that such rule, guideline, protocol, or other criterion shall be provided free of charge to the claimant upon request. If the Claims Administrator relied upon medical necessity or

experimental treatment or similar exclusion or limit in making the adverse determination, either an explanation of the scientific or clinical judgment for the determination (applying the terms of the Plan to the claimant's medical circumstances) shall be provided to the claimant free of charge, or the claimant shall be informed that such explanation shall be provided free of charge to the claimant upon request.

In addition, the notice shall include the following statement: "A claimant and his or her plan may have other voluntary alternative dispute resolution options, such as mediation. One way to find out what may be available is to contact the local U.S. Department of Labor office."

14.07 Limitations Upon Civil Actions. No civil action regarding a claim for benefits under the Plan may be commenced unless the claims procedure process described in this Article XXI has been exhausted. In addition, in no event may any civil action regarding a claim for benefits be commenced later than three years after the date such claim was incurred. A claim for benefits is incurred when the services giving rise to the claim were rendered.

14.08 Construction of Article. This Article shall be construed in a manner consistent with Department of Labor Regulations governing claims procedures applicable to group health plans.

ARTICLE XV TERMINATION OF PARTICIPATION AND CONTINUATION COVERAGE

15.01 Cessation of Participation. Except as otherwise provided in this Article:

- (a) A Post-65 Retiree shall cease to participate in the Plan on the earliest of the following dates:
 - (1) The date as of which the Plan is terminated;
 - (2) The date of the death of the Post- 65 Retiree;
 - (3) The last day of the last month for which any required Covered Person Contribution was made, in the case of cessation of required Covered Person Contributions; or
 - (4) The date Post-65 Retiree coverage ceases pursuant to any Plan amendment.
- (b) A Dependent shall cease to participate in the Plan on the earliest of the following dates:
 - (1) The date as of which the Plan is terminated;
 - (2) The last day of the month in which the Post-65 Retiree's coverage under the Plan, or the Pre-65 Retiree's coverage under the Consolidated Flex Plan ends, except that
 - (A) if coverage ends due the death of a Retiree before January 1, 2004, coverage may be continued for his or her Dependents covered under the Plan on the date of such Retiree's death in accordance with a written plan or procedure, if any, applicable to such Retiree that was adopted by the Company and in effect as of December 31, 2003, as such plan or procedure was thereafter, or may hereafter, be modified by the Company;

- (B) if coverage ends due to the death of a Retiree on or after January 1, 2004, coverage will be continued for his or her Dependents covered under the Plan on the date of such Retiree's death until the earlier of (i) the date of the death of the Retiree's spouse; (ii) the last day of the month in which the Retiree's spouse remarries; (iii) the last day of the last month for which any required Covered Person Contributions for such continuation coverage are made, in the case of cessation of required Covered Person Contributions; and (iv) with respect to a Dependent Child, the last day of the month in which such Dependent would no longer be considered a Dependent under the Plan, had the Retiree survived.
- (3) The last day of the last month for which any required Covered Person Contributions for Dependent coverage were made, in the case of cessation of required Covered Person Contributions; or
- (4) The last day of the month in which a Dependent no longer qualifies as a Dependent.

15.02 COBRA. The Plan offers continuation of coverage to the extent required by COBRA.

- (a) Continuation of Coverage. If Plan coverage ends because of a Qualifying Event, a Qualified Beneficiary may elect to continue the Coverage Option in force immediately prior to the Qualifying Event, subject to the provisions below.
- (b) Election Period. A Qualified Beneficiary may elect COBRA Continuation Coverage only during the election period. The election period begins on the date of the Qualifying Event and ends on the later of (1) 60 days after the date coverage would have stopped due to the Qualifying Event; or (2) 60 days after the date the Qualified Beneficiary is sent notice of the right to continue coverage under COBRA.

A Covered Employee or spouse's election of COBRA Continuation Coverage shall be considered an election on behalf of all other Qualified Beneficiaries who would also lose coverage because of the same Qualifying Event.

If COBRA Continuation Coverage is elected within the election period, coverage shall be reinstated retroactively to the date of the Qualifying Event. If a Qualified Beneficiary waives COBRA Continuation Coverage during the election period, the Qualified Beneficiary may revoke that waiver at any time before the end of the election period and elect COBRA Continuation Coverage retroactive to the date of the Qualifying Event.

- (c) Coverage Period. COBRA Continuation Coverage shall begin as of the date of the Qualifying Event and shall continue until the earliest of the following dates:
 - (1) 36 months from the date coverage would have ended due to a Qualifying Event.
 - (2) The date on which the Company ceases to provide any Group Health Plan to any Employee.
 - (3) If the Qualified Beneficiary fails to make a required Covered Person Contribution, the end of the period for which the last Contribution was made.

- (4) The date the Qualified Beneficiary first becomes covered under any other Group Health Plan that does not contain any exclusion or limitation with respect to any pre-existing condition, and such pre-existing condition limitation is permissible pursuant to HIPAA.
- (5) In the case of a Qualifying Event described in subsection 2.73(d), the date of death of the Retiree or, for a Qualified Beneficiary described in subsection 2.72(b) who is the surviving spouse or Dependent Child of the Retiree, the earlier of the date of such Qualified Beneficiary's death or 36 months after the date of the death of the Retiree.
- (d) Notification Requirements. A Qualified Beneficiary shall notify the Plan Administrator within 60 days of the Qualifying Events set forth in subsection 2.73(b) or (c). If such notice is not given, the Qualified Beneficiary shall not be eligible for COBRA Continuation Coverage.
- (e) Required Contributions. Except as provided in subsection 15.02(f), the Company will not make any contribution toward the cost of COBRA Continuation Coverage. A Qualified Beneficiary electing COBRA Continuation Coverage shall be responsible for a Covered Person Contribution in the amount of 102% of what is calculated to be the total cost of the Coverage Option being continued. Premiums for the period of COBRA Continuation Coverage prior to the date of the election will be due 45 days after the COBRA Continuation Coverage is elected. Thereafter, monthly premiums shall be due the first day of the calendar month. There shall be a grace period of 30 days for the payment of regularly scheduled monthly premiums.
- (f) Subsidized COBRA. The Company may subsidize all or a portion of the cost of COBRA Continuation Coverage. If the Company so elects, the period of such subsidized coverage shall count towards the COBRA Continuation Coverage period required under this Section.

ARTICLE XVI
PROVISIONS CONCERNING PROTECTED HEALTH INFORMATION

- 16.01 General.** The Department of Health and Human Services has issued Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards"), effective April 14, 2003, that govern the manner in which the Plan must handle Protected Health Information. "Protected Health Information" means individually identifiable health information related to a Covered Employee or Dependent.
- 16.02 Permitted Uses and Disclosure.** The Plan may use and disclose Protected Health Information to carry out payment and health care operations without consent or authorization. If the Plan must use and disclose Protected Health Information for purposes other than payment or health care operations, patient authorization for such use or disclosure shall be required, unless such use or disclosure is expressly permitted by the Policies and Procedures Regarding Protected Health Information related to the Plan or the Privacy Standards.
- 16.03 Disclosures to Company.** The Plan may disclose Protected Health Information to the Company to the extent that such disclosure is permissible under law, but prior to any such disclosure the Company shall certify that (1) the Plan documents have been amended as required by the Privacy

Standards; and (2) the Company has agreed to certain conditions set forth in the Privacy Standards regarding the use and disclosure of that Protected Health Information.

The Company, in its capacity as sponsor of the Plan, agrees to:

- (a) not use or further disclose Protected Health Information received from the Plan other than as permitted or required by the Plan documents or as required by law;
- (b) ensure that any agents to whom it provides Protected Health Information received from the Plan agree to the same restrictions and conditions that apply to the Company with respect to such information;
- (c) not use or disclose Protected Health Information received from the Plan for employment-related actions and decisions;
- (d) not use or disclose Protected Health Information received from the Plan in connection with any other benefit or employee benefit plan of the Company (except to the extent that such other benefit, or benefit plan, program, or arrangement is part of an organized health care arrangement of which the Plan is a part);
- (e) report to the Privacy Official, acting on behalf of the Plan, any use or disclosure of Protected Health Information received from the Plan that is inconsistent with the uses or disclosures authorized by this Section and of which the Company becomes aware;
- (f) make available Protected Health Information in accordance with 45 C.F.R. § 164.524 (pertaining to an individual's access to his or her own Protected Health Information) and in accordance with the Policies and Procedures Regarding Protected Health Information related to the Plan;
- (g) make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 C.F.R. § 164.526 and in accordance with the Policies and Procedures Regarding Protected Health Information related to the Plan;
- (h) make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528 and in accordance with the Policies and Procedures Regarding Protected Health Information related to the Plan;
- (i) make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Secretary of Health and Human Services ("HHS") or to any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the Plan with 45 C.F.R. Subchapter C, Subpart E; and
- (j) if feasible, return or destroy all Protected Health Information received from the Plan that the Company still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, the Company shall limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

The foregoing restrictions do not apply to disclosures of enrollment information or summary health information by or on behalf of the Plan to the Company or any other Employer, acting in their respective capacities as an employer.

- 16.04 Adequate Separation.** There shall be adequate separation between the Plan and the Company to help ensure that only persons involved in Plan administration have access to Protected Health Information. Only the following employees, classes of employees or other persons under the control of the Company or its affiliates may have access to Protected Health Information created under the Plan:

- Privacy Official
- Security Official
- Members of the Benefits Department
- HRIS-Benefits Analyst
- Members of the Legal Department
- Members of the Internal Audit Department
- Members of the Committee

Any other employee of the Company or its affiliates who performs plan administration functions for the Plan and who is designated in writing by the Privacy Official or a member of the Committee as being entitled to access to Protected Health Information.

Access to and use by such individuals shall be restricted to the plan administration functions that the Company and its affiliates perform for the Plan. The Plan or the Company (or an affiliate) has retained one or more third party administrators and others that receive Protected Health Information in the ordinary course of business performed on behalf of the Plan. Such persons or entities, known in the Privacy Standards as "Business Associates," shall enter into agreements with the Plan governing their obligations under the Privacy Standards.

- 16.05 Unauthorized Use or Disclosure.** The improper use or disclosure of Protected Health Information by an employee of Company (or an affiliate) shall be governed by the Policies and Procedures Regarding Protected Health Information related to the Plan. The terms of the applicable Business Associate Agreement shall address non-compliance with the Privacy Standards by a Business Associate.
- 16.06 Special Amendatory Authority.** The Privacy Official appointed by the Plan Administrator pursuant to the Privacy Standards shall be authorized to make and execute any amendment to this Article that such Privacy Official deems necessary or appropriate.

ARTICLE XVII PROVISIONS CONCERNING THE SECURITY OF ELECTRONIC PROTECTED HEALTH INFORMATION

- 17.01 General.** The Department of Health and Human Services has issued Regulations, effective April 20, 2005, that govern the manner in which a group health plan, such as the Plan, must handle Electronic Protected Health Information. "Electronic Protected Health Information" refers to Protected Health Information that is (i) maintained in "Electronic Media," or (ii) transmitted by Electronic Media. "Electronic Media" means electronic storage media including, without limitation, memory devices in computers (e.g., hard drives) and any removable or transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card.

Electronic Media also includes Transmission Media used to exchange information already in electronic storage media. "Transmission Media" includes, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable or transportable electronic storage media. Paper, facsimile, voice (via telephone) and similar transmissions are not considered transmissions via Electronic Media, because the information being exchanged did not exist in electronic form before the transmission.

- 17.02 Duty of the Plan Sponsor.** The Company shall reasonably and appropriately safeguard Electronic Protected Health Information created, received, maintained or transmitted to or by the Company on behalf of the Plan. To this end, the Company shall: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Electronic Protected Health Information that the Company creates, receives, maintains or transmits on behalf of the Plan; (ii) ensure that the adequate separation required by Section 16.04 above is supported by reasonable and appropriate security measures; (iii) ensure that any agent, including a subcontractor, to whom or which the Company provides Electronic Protected Health Information agrees to implement reasonable and appropriate security measures to protect such Electronic Protected Health Information; and (iv) report to the Plan any security incident involving Electronic Protected Health Information of which the Company becomes aware.

ARTICLE XVIII GENERAL EXCLUSIONS

- 18.01 General.** Notwithstanding any other Plan provision, to the extent not covered by Medicare, the Plan shall also not provide coverage for any of the following charges:
- (a) Charges that are not for the care or treatment of an Injury or Sickness, except as specifically provided for in this Plan;
 - (b) Charges for care received in an emergency room that is not considered emergency care (except as otherwise specified in the Plan);
 - (c) Charges related to cosmetic surgery or related Hospital admissions, unless made necessary:
 - (1) By an Injury;
 - (2) For correction of congenital deformity when necessary to perform a normal body function; or
 - (3) For reconstructive surgery as necessary for the prompt treatment of a diseased condition;
 - (d) Charges for any cutting procedure in the mouth (except when performed in connection with the removal of non-impacted teeth, replacement of teeth, dentures or appliances, orthodontia or periodontia, alveoplasty, or the repair or preparation of the mouth to receive or maintain dentures);
 - (e) Charges for or in connection with treatment of teeth or periodontium or treatment of periodontal or periapical disease or any condition (other than a malignant tumor)

involving teeth, surrounding tissue or structure, except for oral surgery for repair of Injury to natural teeth, or as provided herein;

- (f) Charges for dental implants;
- (g) Charges for dental appliances (except for intra-oral devices used in connection with temporomandibular joint dysfunction treatments covered under the Plan);
- (h) Charges for the non-surgical treatment of Temporomandibular Joint (TMJ) dysfunction except for the appliance;
- (i) Charges for or related to some services, treatment, education testing or training related to learning disabilities or developmental delays;
- (j) Charges for care furnished mainly to provide a surrounding free from exposure that can worsen the person's disease;
- (k) Charges related to services provided by the United States government, any state government, or any government outside the United States in which the participant or dependent is entitled to receive benefits. An exception to this exclusion applies for services provided by the United States government that can be billed to the Plan under COBRA;
- (l) Charges that a Covered Person is not legally required to pay and charges that would not have been made if the Plan had not existed;
- (m) Charges that exceed the Maximum Allowable Amount or are not Medically Necessary;
- (n) Charges that are reimbursed, or that could be reimbursed, by any public program other than Medicaid, Medicare or TRICARE;
- (o) Charges that are payable under Medicare Part A and/or Medicare Part B or would have been payable if the Covered Person had applied for Part A and/or Part B (except as specified elsewhere in the Plan or as otherwise prohibited by Federal law)
- (p) Charges for primal therapy, rolfing, psychodrama, megavitamin therapy, bioenergetic therapy, vision perception training or carbon dioxide therapy;
- (q) Charges for marriage, family, Child, career, social adjustment, pastoral and financial counseling, except as provided under Article X;
- (r) Charges for acupuncture therapy; provided, however, that acupuncture therapy may be covered if performed by a Physician as a form of anesthesia in connection with surgery that is covered under the Plan;
- (s) Charges for biofeedback services;
- (t) Charges for examinations related to employment;
- (u) Charge for examinations related to marriage;
- (v) Charges for routine vision exams;

- (w) Charges that are Experimental or Investigational;
- (x) Human organ transplant benefits for the following:
 - (1) Cardiac rehabilitation services provided more than three days after the recipient is discharged from the Hospital;
 - (2) Transportation by air ambulance for the donor or the recipient;
 - (3) Travel time (and related expenses) required by a Physician; and
 - (4) Drugs that are Experimental or Investigational in nature.
- (y) Charges for chiropractic maintenance care;
- (z) Charges for transportation to and from places of treatment and care, other than ambulance service when Medically Necessary;
- (aa) Charges for speech therapy, unless otherwise provided in the Plan;
- (bb) Charges related to any services or supplies for counseling related to sexual dysfunctions or inadequacies, or for surgery or therapy that will change the biological sex of the covered individual;
- (cc) Charges related to any services or supplies for artificial insemination, in vitro fertilization embryo transfer procedures or tests related to fertilization, including charges for infertility drugs and related services that follow the diagnosis of infertility;
- (dd) Charges incurred prior to the effective date of coverage, or after the termination date of coverage;
- (ee) Charges for services rendered by a Relative of the Participant, or any other person who resides in the same household as the Participant;
- (ff) Charges incurred due to a work related Sickness or Injury that are eligible for coverage under a workers' compensation, occupational disease or similar program, regardless of whether benefits under such programs are claimed or are recovered in whole or in part and regardless of whether benefits are recovered from any third party;
- (gg) Charges incurred for the treatment of a Sickness or Injury as a result of any act of war, declared or undeclared;
- (hh) Charges incurred as a result of any act of rioting or civil disobedience;
- (ii) Charges for court-ordered testing or care;
- (jj) Charges for completion of claim forms or charges for medical records or reports unless otherwise required by law;
- (kk) Charges for missed or cancelled appointments;
- (ll) Charges for pre-admission testing if the Covered Person decides to postpone his or her surgery;

- (mm) Mileage costs or travel expenses unless authorized by the Plan;
- (nn) For custodial care, domiciliary or convalescent care, except as otherwise provided in the Plan;
- (oo) Charges related to treatment for weight loss or treatment of obesity, except for surgical treatment of morbid obesity;
- (pp) Charges for sex transformation surgery and related services, or the reversal thereof;
- (qq) Charges for eyeglasses or contact lenses, except for the first pair of eyeglasses or contact lenses prescribed following cataract surgery;
- (rr) Charges for the replacement of cataract lenses when a prescription change is not required;
- (ss) Charges for reversal of sterilization;
- (tt) Surgical-related expenses associated with Norplant, intrauterine devices or elective abortions;
- (uu) Charges for professional services when related to Depo-Provera injections;
- (vv) Charges for personal hygiene and convenience items;
- (ww) Charges for orthotics when used for comfort only;
- (xx) Expenses incurred in a health spa or similar facility;
- (yy) Charges for self-help training and other forms of non-medical self care, except as otherwise provided herein;
- (zz) Charges for examinations relating to research screenings;
- (aaa) For stand-by charges of a Physician; and
- (bbb) Charges related to radial keratotomy or keratomileusis or excimer laser photo refractive keratectomy.

ARTICLE XIX MISCELLANEOUS PROVISIONS

19.01 Assignment of Benefits. A Covered Person may assign benefits otherwise payable to the Covered Person or to the persons or institutions providing care covered under the Plan. No such assignment, however, shall be binding on the Plan unless the Claims Administrator is notified in writing of such assignment prior to payment hereunder. Otherwise, except as required by law, no benefit payable at any time under the Plan shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or, in any other manner, and no benefit payable under the Plan shall be liable for, or subject to, any obligation or liability of any Covered Person. If any Covered Person entitled to a benefit under the Plan attempts to alienate, sell, transfer, assign, pledge or otherwise impede a benefit or any part, or if by reason of his or her bankruptcy or other event happening at any time, a benefit devolves upon

anyone else or would not be enjoyed by him or her, then the Plan Administrator in its discretion, which will be exercised uniformly by treating individuals in similar circumstances alike, may terminate his or her interest in any such benefit and hold or apply it to or for his or her benefit or the benefit of his or her Dependents, in a manner the Plan Administrator may deem proper.

- 19.02 Information To Be Furnished.** Covered Persons shall provide such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan.
- 19.03 Limitation of Rights.** Neither the establishment of the Plan nor any amendment thereof, nor the payment of any benefits, will be construed as giving to any Covered Person any legal or equitable right against the Company or any Employer, except as provided herein.
- 19.04 Plan Not Contract.** The Plan shall not be deemed to constitute a contract between the Company or any Employer and any Participant or to be a consideration for, or an inducement or condition of, the employment of any Employee. Nothing in the Plan shall be deemed to give any Employee the right to be retained in the service of the Company or of any Employer or to interfere with the right of the Company or of any Employer to discharge any Employee at any time; provided, however, that the foregoing shall not be deemed to modify the provisions of any collective bargaining agreement that may be made by the Company with the bargaining representative of any Employee.
- 19.05 Fiduciary Operation.** Each Plan Fiduciary shall discharge his or her duties with respect to the Plan solely in the interest of the participants and beneficiaries (as those terms are defined in BRISA) and (1) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan; (2) with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and (3) in accordance with the documents and instruments governing the Plan, except as otherwise required by law.
- 19.06 No Guaranty.** No person shall have any right or interest in the Plan other than as specifically provided herein. Except to the extent required by law, neither the Company nor any Employer shall be liable for the payment of any benefit provided for herein; all benefits hereunder shall be payable only from the Plan, and only to the extent that the Plan has been allocated sufficient assets.
- 19.07 Misrepresentation.** Any material misrepresentation on the part of any Covered Person in making application for coverage, or any application for reclassification thereof, shall render the coverage null and void.
- 19.08 Inadvertent Error.** Inadvertent error by the Plan Administrator in the keeping of records or the transmission of any Enrollment Form shall not deprive any Participant or Dependent of benefits otherwise due, if such inadvertent error is corrected by the Plan Administrator within 90 days after it was made.
- 19.09 No Liability for Acts of Any Provider.** Nothing contained herein shall confer upon a Covered Person any claim, right or cause of action, either at law or at equity, against the Plan for the acts of any Hospital in which he or she receives care, or for the acts of any Physician from whom he or she receives service under this Plan.

- 19.10 Covered Persons Responsibilities.** Each Covered Person is responsible for providing the Plan Administrator with his or her current address. Any notices required or permitted to be given shall be deemed given if directed to such address and mailed by regular United States mail. Neither the Plan Administrator nor the Claims Administrator shall have any obligation or duty to locate a Covered Person. If a Covered Person becomes entitled to a payment under the Plan and it cannot be made because (1) the current address is incorrect; (2) the Covered Person does not respond to the notice sent to the current address; (3) there are conflicting claims to such payment; or (4) any other reason, the amount of such payment, if and when made, shall be that determined under the terms of the Plan, without interest. Each Participant and Pre-65 Retiree Plan Participant shall also notify the Plan in writing when any person is no longer eligible for coverage as his or her Dependent hereunder.
- 19.11 Right of Recovery.** Whenever the Plan, for whatever reason, has overpaid the amount of benefits that should have been provided, the Plan shall have the right to recover such payments, to the extent of such excess, from among one or more of the following as the Plan shall determine: any persons to, or for, or with respect to whom, such payments were made, and/or any insurance company or other organization.
- 19.12 Governing Law.** The Plan shall be governed by and construed according to ERISA, the Code, and the laws of the State of Indiana, to the extent Indiana law does not conflict with the Code and ERISA, and to the extent Indiana law is not preempted by ERISA.
- 19.13 Severability.** In the event any portion of this Plan is declared by a court of competent jurisdiction to be void, said portion shall be deemed severed from the remainder of this Plan, and the balance of the Plan shall remain in full force and effect.
- 19.14 Participant Litigation.** In any action or proceeding involving the Plan, Covered Persons or any other person having or claiming to have an interest in the Plan shall not be necessary parties to such action or proceeding and shall not be entitled to any notice or process thereof, except as required by applicable law. Any final judgment which is not appealed or appealable that may be entered in any such action or proceeding shall be binding and conclusive upon the parties hereto and upon all persons having or claiming to have any interest in the Plan. To the extent permitted by law, if a legal action is begun against the Company or other organization or institution providing benefits under the Plan by or on behalf of any person, and such action results adversely to such person or, if a legal action arises because of conflicting benefit claims, the cost to the Company or other organization or institution of defending the action will be charged to the sums, if any, which were involved in the action or were payable to the Covered Person or other person concerned. To the extent permitted by applicable law, an election to become a Covered Person under the Plan shall constitute a release of the Company and its agents from any and all liability and obligation not involving willful misconduct or gross neglect.
- 19.15 Counterparts.** This Plan document may be executed in any number of identical counterparts, each of which shall be deemed a complete original in itself and may be introduced in evidence or used for any other purpose without the production of any other counterparts.
- 19.16 Notice.** Any notice given under this Plan shall be sufficient, if given to the Plan Administrator when addressed to it at its office; if given to the Claims Administrator, when addressed to it at its home office; or if given to a Participant, when addressed to the Participant at his or her address as it appears on the records of the Claims Administrator.
- 19.17 Extension of Plan to Related Employers.**

- (a) With the approval of the Plan Administrator, any Related Employer may adopt the Plan and qualify its Employees and Retirees to become Participants hereunder by taking such action to adopt the Plan and making such contributions to the cost of coverage as the Plan Administrator may require.
- (b) The Plan will terminate with respect to any Employer that has adopted the Plan pursuant to this Section if the Employer ceases to be a Related Employer, revokes its adoption of the Plan by appropriate corporate action, permanently discontinues any required contributions for its Employees, is judicially declared bankrupt, makes a general assignment for the benefit of creditors, or is dissolved.
- (c) The Committee shall have the sole right to amend or terminate the Plan and shall act as the agent for each Related Employer that adopts the Plan for all purposes of administration thereof.

ARTICLE XX
FUNDING, AMENDMENT AND TERMINATION OF THE PLAN

- 20.01 Plan Self-Insured.** Except with respect to those benefits offered under an HMO Option or an Other Insured Arrangement, the Plan is a self-insured plan. All contributions made to the Plan are used to pay claims and related expenses thereunder.
- 20.02 Participants' and Dependents' Rights Unsecured.** The right of a Covered Person or any other person to receive a distribution hereunder, shall be an unsecured claim against the general assets of the Company and no Covered Person or any other person shall have any rights in any amount allocated for his or her benefit under the terms of the Plan, or any other specific assets of the Company. All amounts allocated pursuant to the terms of the Plan shall constitute general assets of the Company and may be disposed of by the Committee at such time and for such purpose as it may deem appropriate. Benefits payable pursuant to the terms of the Plan shall be paid solely as required out of the general assets of the Company or from any other funding vehicle as may be established by the Company.
- 20.03 Amendment.** The Committee reserves the right at any time and from time to time to change or amend, in whole or in part, any or all of the provisions of the Plan. Unless expressly provided, no amendment shall affect, or be construed to affect, any existing delegations to amend the Plan. Any such amendment may have retroactive or prospective effect. However, no change or amendment shall be made that enables any part of Plan assets to be used for, or diverted to, purposes other than the exclusive benefit of those entitled to benefits hereunder and the payment of reasonable expense of administration. To the extent that any applicable collective bargaining agreement imposes a more restrictive requirement regarding Plan eligibility or benefits than is set forth herein, such requirement, as applied solely to those Represented Retirees subject to the collective bargaining agreement, is incorporated herein by this reference. Notwithstanding anything contained herein to the contrary, any change or amendment (other than a Plan administration change, the addition or deletion of network providers, drug formulary changes or similar changes) affecting coverage for any NIPSCO Represented Retiree or Dependent shall only be made effective as of January 1 of any year, and notification of such change or amendment shall be made to affected NIPSCO Represented Retirees during the Annual Enrollment Period.
- 20.04 Termination.** The Company is not and shall not be under any obligation or liability whatsoever to continue its contributions to, or to maintain, the Plan for any given length of time. In their sole and absolute discretion, the Company may discontinue contributions to the Plan and the

Committee may terminate the Plan, in whole or in part, at any time, in each case without liability for such discontinuance or termination.

20.05 Collective Bargaining Agreement. Notwithstanding the foregoing provisions of this Article, the right to amend or terminate the Plan shall be subject to the express terms of any applicable collective bargaining agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Committee has caused this amended and restated Plan to be executed on its behalf, by one of its members duly authorized, this 1st day of May, 2012.

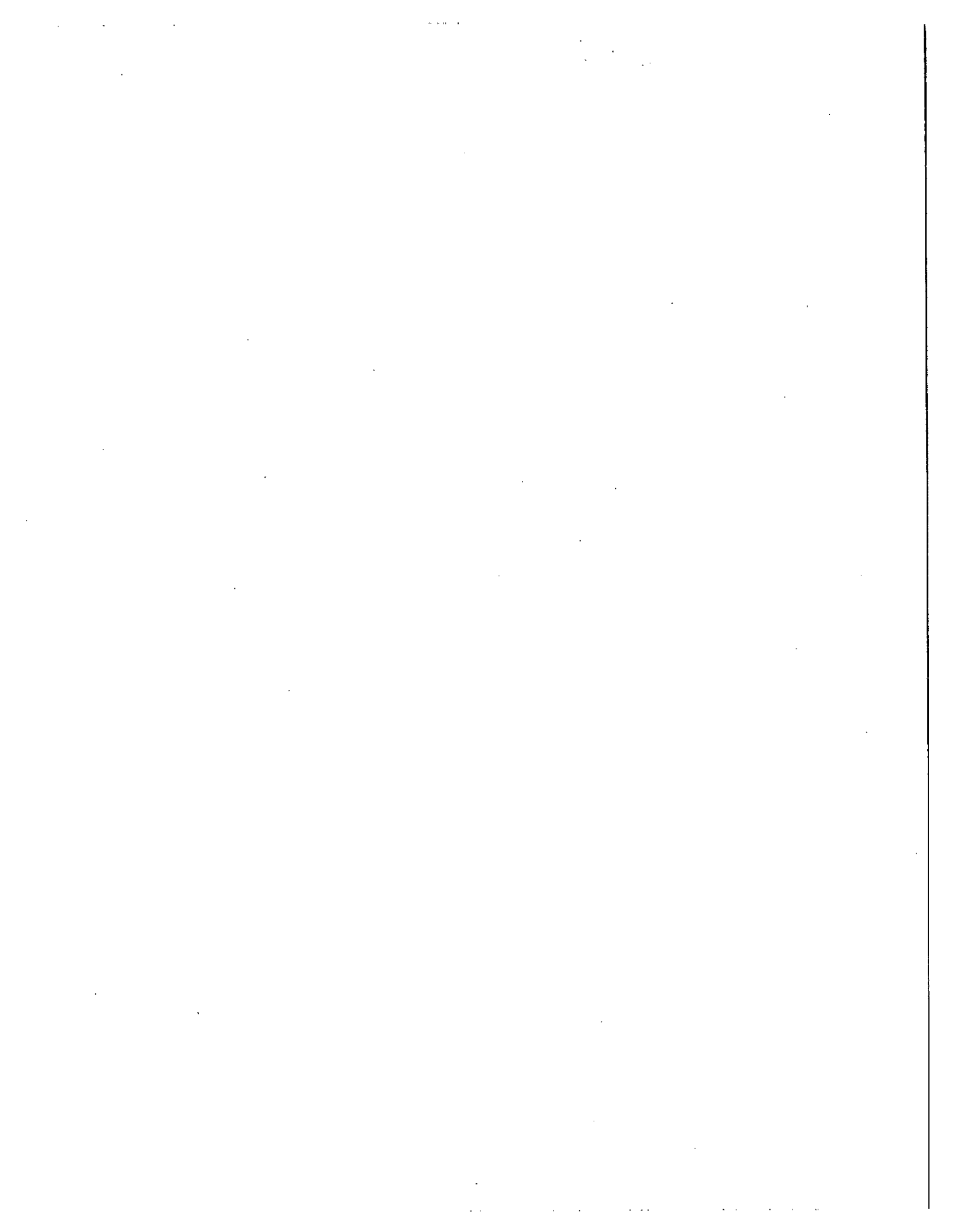
NISOURCE BENEFITS COMMITTEE

By: Jessica M. Smith

One of the Members of the Committee

EXHIBIT A
ADOPTING RELATED EMPLOYERS

- Bay State Gas Company
- Columbia Energy Group
- Columbia Gas of Kentucky, Inc.
- Columbia Gas of Maryland, Inc.
- Columbia Gas of Ohio, Inc.
- Columbia Gas of Pennsylvania, Inc.
- Columbia Gas of Virginia, Inc.
- Columbia Gas Transmission Corporation
- Columbia Gulf Transmission Company
- CNS Microwave, Inc.
- Crossroads Pipeline Company
- Energy Interchange, LLC
- EnergyUSA-TPC Corp.
- Kokomo Gas and Fuel Company
- NI Energy Services, Inc.
- NiSource Corporate Services Company
- NiSource Development Company, Inc.
- NiSource Energy Technologies, Inc.
- NiSource Gas Transmission & Storage Company
- NiSource Midstream Services, LLC
- NiSource Retail Services, Inc.
- Northern Indiana Fuel and Light Company, Inc.
- Northern Indiana Public Service Company
- Northern Indiana Trading Company, Inc.
- PEI Holdings, Inc.



COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

43. Provide a complete description of the financial reporting and rate-making treatment of Columbia's pension costs.

Response:

For financial reporting and rate-making purposes, Columbia's pension costs are recorded on the accrual basis of accounting each month based on the provisions of SFAS No. 106 and SFAS No. 158. Under the provisions of SFAS No. 158, the actuarial gains/losses and the prior service costs/credits are recognized as a component of other comprehensive income (OCI); amounts recognized in OCI are adjusted as these costs are recognized as a component of pension costs. In Case 2007-00008, Columbia received regulatory accounting treatment that allows the OCI activity to be captured as a regulatory asset.

The following are the entries utilized when recording pension costs:

1. Pension costs per actuarial studies are expensed each month. The offsetting account is a prepayment if Columbia is in a prepaid position, otherwise the offset is a liability account, and an offset to the regulatory asset/liability for the OCI activity

Debit 926
 Credit 128-9900 or 228-0031
 Credit 182-3509 or 254-3509

2. The Retirement Income Plan trust is funded through NiSource Corporate Services. The following entry is recorded when the trust is funded:

Debit 128-9900 or 228-0031

Credit 234-9912
Debit 234-9912
Credit 131 (Cash or its equivalent)

3. All costs associated with construction projects are capitalized and recovered over the life of the asset. This includes, among other costs, labor and related benefits. As employees' labor time is charged to capital accounts, overheads are used to charge additional dollars to the capital accounts for pension costs:

Debit 107 (or any other capital account)
Credit 926

4. When Columbia bills an affiliate company for labor, overheads are also added on to the bill for pension costs. The entry is the same as in #3 above with the debit going to a 146 Accounts Receivable account.
5. In a similar fashion, labor billed by an affiliate includes pension costs in overheads. The entry would be as follows:

Debit 926 or 107 (or any other capital account)
Credit 234 – Accounts Payable

In accordance with the pension accounting standards, when pension settlements occur in an interim period during a year in which it is probable that the cumulative settlements for the year are expected to exceed the service cost and interest components of the new periodic pension cost for the pension plan for the year, Columbia assesses , on at least quarterly basis, whether it is probable that the criteria for settlement accounting will be met. If it is probable, a settlement charge will be recognized for the portion of the liability settled. In addition, a full re-measurement of the plan's pension obligation and plan assets will be completed.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

44. For each of the following Statements of Financial Accounting Standards ("SFAS"), provide the information listed concerning implementation by Columbia.

a. SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

- (1) The date that Columbia adopted the SFAS.
- (2) The effect on the financial statements.
- (3) Whether the base period or forecasted test period

includes any impact of the implementation. If so, provide a detailed description of the impact.

b. SFAS No. 112, "Employers' Accounting for Postretirement Benefits."

- (1) The date that Columbia adopted the SFAS.
- (2) The effect on the financial statements.
- (3) Whether the base period or forecasted test period

includes any impact of the implementation. If so, provide a detailed description of the impact.

c. SFAS No. 143, "Accounting for Asset Retirement Obligations."

(1) The date that Columbia adopted the SFAS.

(2) The effect on the financial statements.

(3) Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

d. A schedule comparing the depreciation rates utilized by Columbia prior to and after the adoption of SFAS No. 143. The schedule should identify the assets corresponding to the affected depreciation rates.

e. SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans."

(1) The date that Columbia adopted the SFAS.

(2) The effect on the financial statements.

(3) Whether the base period or forecasted test period includes any impact of the implementation. If so, provide a detailed description of the impact.

Response:

a. (1). Columbia adopted SFAS No. 106 on January 1, 1991.

a. (2). At adoption, the liability was recorded with an offsetting debit to a regulatory asset account. From adoption of the accounting standard until the 1994 stipulation was approved in Case No. 94-179, Columbia continued to defer into the regulatory asset the portion of the SFAS No. 106 expense in excess of cash payments. Additionally, a portion of the Columbia of Ohio

housekeeping transition obligation was deferred into the regulatory asset account. Per the stipulation agreement, the 1993 incremental costs were not part of the amortization, so those dollars were reversed out of the regulatory asset and charged to expense. The net effect on the balance sheet at the point the new rates went into effect is as follows:

Debit Regulatory Asset (acct 182)	\$9,689,192	
Credit OPEB Liabilities		\$9,689,192

The rate treatment for SFAS No. 106 costs per the 1994 stipulation included \$538,288 per year amortization for 18 years.

- a. (3). The base period includes \$46,950 of amortization of the transition obligation. The forecasted period does not include any impact of the implementation.
- b. (1). Columbia adopted SFAS No. 112 on January 1, 1994.
- b. (2). At adoption, the entry to recognize the liability was made as follows:

Debit Regulatory Asset (acct 182)	\$697,000	
Credit SFAS No. 112 ST liability		\$ 50,000
Credit SFAS No. 112 LT liability		\$647,000

Additionally, at a later date, the portion of the Columbia of Ohio SFAS No. 112 liability related to the General Office housekeeping function was allocated to Columbia of Kentucky as follows:

Debit Regulatory Asset (acct 182)	\$57,646	
Credit Payable to Columbia of Ohio		\$57,646

The rate treatment for SFAS No. 112 costs per the 1994 stipulation included \$34,353 per year amortization for 19 years.

- b. (3). The base period includes \$17,181 of amortization of the transition obligation. The forecasted period does not include any impact of the implementation.

c. (1). NiSource (parent company of Columbia) adopted the provisions of SFAS No. 143 on January 1, 2003. NiSource's adoption included Columbia. The adoption was for GAAP (Generally Accepted Accounting Principles) books only.

c. (2). There were no accounting entries made for regulatory reporting purposes when Columbia adopted SFAS 143.

c. (3) Columbia's implementation of SFAS 143 has no impact on Columbia Gas of Kentucky's base or forecasted test period.

d. There was no change to the depreciation rates utilized by Columbia.

e. (1) Columbia adopted SFAS No. 158 for the fiscal year ended December 31, 2006.

e. (2) The adoption of SFAS No. 158 resulted in a reduction to Columbia's shareholder equity of \$3,728,089. Below are the journal entries that were recorded to recognize the unfunded liability pursuant to the requirements of SFAS No. 158

Pension:

Debit 219 – AOCI ¹	\$1,335,331	
Credit 186 – Deferred Pension Charges		\$513,878
Credit 253 ² – Accrued Pension		\$821,453

OPEB:

Debit 219 – AOCI ¹	\$2,392,758	
Debit 186 – Deferred OPEB Charges		\$ 667,820
Credit 242/253 ² – Accrued OPEB		\$3,060,578

1.) Columbia now records this portion to Account 182 based on approval to record to a regulatory asset in Case No. 2007-00008.

2.) Due to clarification of FERC guidance subsequent to SFAS No. 158 implementation, accrued pension and OPEB is now recorded to Account 228.

e. (3) Base period and forecasted test period do not include any impact of SFAS No. 158 implementation.

KY PSC Case No. 2013-00167
Response to Staff's Data Request No. 045
Respondent: S. Mark Katko

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013**

45. As the historical data becomes available, provide detailed monthly income statements for each forecasted month of the base period, including the month in which the Commission hears this case.

Response:

Please refer to Attachment A for the response.

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Monthly Income Statement
For the Months of March and April 2013

Line No.	Description	March 31, 2013	April 30, 2013
		\$	\$
1	<u>Operating Income</u>		
2	Total Operating Revenues	13,831,813	11,511,750
3	<u>Operating Income Deductions</u>		
4	Purchased Gas Cost	7,507,681	6,575,442
5	Liquefied Petroleum Gas Production Expenses	347	198
6	Distribution Expenses	1,087,160	796,582
7	Customer Accounts Expenses	510,478	382,097
8	Customer Service & Informational Expenses	196,464	190,500
9	Sales Expenses	13,281	11,539
10	Administrative & General Expenses	2,432,665	1,106,811
11	Total O&M Expenses	11,748,076	9,063,169
12	Depreciation Expenses	583,381	585,381
13	Amortization of Utility Plant Acquisition Adjustment	-	-
14	Taxes Other Than Income Taxes	263,604	252,596
15	Income Taxes - Federal	316,020	474,125
16	Income Taxes - State	83,397	87,554
17	Total Operating Expenses	12,994,478	10,462,825
18	Operating Income (Loss)	837,335	1,048,925
19	<u>Other Income (Deductions)</u>		
20	Non-utility Revenue	84,306	61,163
21	Interest and Dividend Income	64,235	48,281
22	Miscellaneous Non-operating Income	89,099	201,648
23	Other Miscellaneous Deductions	(30,473)	(32,078)
24	Total Other Income	207,167	279,014
25	<u>Interest Expense</u>		
26	Long-Term Interest Expense	427,733	413,935
27	Short-Term Interest Expense	374	20,498
28	AFUDC	(3,109)	(5,321)
29	Total Interest Expense	424,998	429,112
30	Total Other Income (Deductions)	(217,831)	(150,098)
31	Net Income (Loss)	619,504	898,827

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

46. Provide the amount of excess deferred federal income taxes resulting from the reductions in the corporate tax rate in 1979 and 1986, as of the end of the test year. Show the amounts associated with the 1979 reduction separately from the amounts associated with the 1986 reduction.

Response:

The excess deferred taxes reflected on Columbia's books are the result of multiple tax rate changes. The current excess reflects a tax rate of 34% for federal income tax purposes and the balance of the excess at December 31, 2014 is \$1,677,969. Note that Columbia is also required to book a regulatory liability in accordance with SFAS No. 109 on the deferred ITC. Such requirements at December 31, 2014 are \$215,900. Thus, the total regulatory liability reflected in Account 254 on the Columbia's books and records as of the end of the test period is \$1,893,869.

For pre-1980 years, the turnaround under the Average Rate Assumption Methodology is the average rate the deferred taxes were established (somewhere between 34-48%) versus the 34% the deferred liability is reversing at in the current year.

Columbia does not track refunds of excess tax reserves by the year the rate changed.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

45. Provide the following tax data for the most recent calendar year:
- a. Income taxes:
- (1) Federal operating income taxes deferred — accelerated tax depreciation.
 - (2) Federal operating income taxes deferred — other (explain).
 - (3) Federal income taxes — operating.
 - (4) Income credits resulting from prior deferrals of federal income taxes.
 - (5) Investment tax credit net,
 - (i) Investment credit realized.
 - (ii) Investment credit amortized — Pre-Revenue Act of 1971.
 - (iii) Investment credit amortized — Revenue Act of 1971.
 - (6) The information in Item 47(a)(1-4) for state income taxes.
 - (7) A reconciliation of book to federal taxable income as shown in Schedule 47a(1) and a calculation of the book federal income tax expense for the base period using book taxable income as the starting point.

- (8) A reconciliation of book to state taxable income as shown in Schedule 47a(2) and a calculation of the book state income tax expense for the base period using book taxable income as the starting point.
 - (9) A copy of federal and state income tax returns for the most recent tax year, including supporting schedules.
 - (10) A schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees.
- b. An analysis of Kentucky Other Operating Taxes as shown in Schedule 47b.

Response:

45. a. (1) through (3) and (6), please see Attachment A for the schedule of income taxes.

45. a. (4) There were no credits made to federal income taxes for reduction in tax rates, however there were credits made along with expense charged for reduction in the Kentucky tax rate. This did not affect any of the property items because of the regulatory liability.

45. a. (5) Please see Attachment B.

45. a. (7) Please see Schedule 1 attached.

45. a. (8) Please see Schedule 2 attached.

45. a. (9) For copies of the latest federal and state income tax returns filed please see Attachments C, D and E.

45. a. (10) Please see below:

FRANCHISE FEES PAID

<u>Jurisdiction</u>	<u>Taxable Revenues</u>	<u>Tax Rate</u>	<u>Franchise Fees Paid</u>
Winchester	4,030,751	3.00%	120,923
Ravenna	164,615	2.00%	3,292
Irvine	554,798	2.00%	11,096
Greenup	361,567	2.00%	7,231
Ashland	9,446,569	2.00%	188,931
Lexington-Fayette	<u>61,882,140</u>	3.00%	<u>1,856,464</u>
	<u>76,440,440</u>		<u>2,187,938</u>

<u>Jurisdiction</u>	<u>Basis</u>	<u>Right of Way Fees Paid</u>
Lexington	(a)	104,350

(a) Negotiated annual fixed amount.

45. b. Please see analysis below.

Columbia Gas of Kentucky, Inc. Case No. 2013-00167 45b. Analysis of Other Operating Taxes For 12 month ending 12/31/12 "000 Omitted"						
Line No.	Item (a)	Charged Expense (b)	Charged to Construction (c)	Charged to Other Accounts (d)	Amounts Accrued (e)	Amount Paid (f)
1	Kentucky Retail					
	(a) Franchise fees	5	-	-	-	2
	(b) Ad valorem	2,345	-	2,424 [2]	(2,236)	1,767
	(c) Payroll (employers portion)	558	192	(19) [3]	-	724
	(d) Other taxes	2	3	- [3]	-	9
2	Total Retail (L1(a) through L1(e))	2,910	195	2,405	(2,236)	2,502
3	Other jurisdictions					
	Total per books (L2 and L3)	2,910	195	2,405	(2,236)	2,502

NOTES>

- [1] 2012 property tax liability for year ending 12/13/11 for the 2012 tax year. To be paid in 2012-2013
- [2] 2013 property tax liability for year ending 12/31/12 to be expensed in 2013.
- [3] Charged to various balance sheet accounts.

COLUMBIA GAS OF KENTUCKY, INC.

FEDERAL

	(1) ACCEL. TAX DEPR DEFERRED	(2) OTHER DEFERRED	(3) OPERATING INCOME
	<u> </u>	<u> </u>	<u> </u>
409	-		2,408,667
410	3,938,912	2,101,725	-
411	<u>(684,256)</u>	<u>(3,341,508)</u>	<u>-</u>
	3,254,656	(1,239,783)	2,408,667

STATE

	ACCEL. TAX DEPR DEFERRED	OTHER DEFERRED	OPERATING INCOME
	<u> </u>	<u> </u>	<u> </u>
409	-		419,481
410	692,364	198,370	-
411	<u>(253,896)</u>	<u>(431,965)</u>	<u>-</u>
	438,468	(233,595)	419,481

Total	3,693,124	(1,473,379)	2,828,148
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COLUMBIA GAS OF KENTUCKY, INC.
 Case No. 2013-00167

18-Jun-13

JDC AMORTIZATION-2012

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
ACCOUNT 255 BAL 1/1/12	0	0	0	0	0	0	0	8,213	26,776	30,980	49,550	69,991	55,013
MONTHS REMAINING	0	0	0	0	0	0	0	18	42	42	54	66	66
MONTHLY AMORTIZATION	0	0	0	0	0	0	0	456	638	738	918	1,060	834
YEARLY AMORTIZATION	0	0	0	0	0	0	0	5,472	7,656	8,656	11,016	12,720	10,008
ACCOUNT 255 BAL 12/31/12	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,741</u>	<u>19,120</u>	<u>22,124</u>	<u>38,534</u>	<u>57,271</u>	<u>45,005</u>

	1964	1985	1986	1987	TOTAL
ACCOUNT 255 BAL 1/1/12	110,413	137,788	17,756	6,701	513,181
MONTHS REMAINING	114	150	162	174	
MONTHLY AMORTIZATION	969	919	110	39	6,681
YEARLY AMORTIZATION	<u>11,628</u>	<u>11,028</u>	<u>1,320</u>	<u>468</u>	<u>80,172</u>
ACCOUNT 255 BAL 12/31/12	<u>98,785</u>	<u>126,760</u>	<u>16,436</u>	<u>6,233</u>	<u>433,009</u>

RATE	0.0332	0.0317	0.0343	0.0308	0.0345	0.0307	0.0303	0.0292	0.0284	0.0280	0.0291	0.0292	0.0303
NUMBER OF YEARS	30.00	32.00	29.00	32.00	29.00	33.00	33.00	34.00	35.00	34.00	34.00	34.00	33.00
NUMBER OF MONTHS	360	384	348	384	348	396	396	408	420	408	408	408	396
NUMBER OF MONTHS AMORT.	360	384	348	384	348	396	396	390	378	366	354	342	330
MONTHS REMAINING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18</u>	<u>42</u>	<u>42</u>	<u>54</u>	<u>66</u>	<u>66</u>

RATE	0.0272	0.0258	0.0258	0.0258
NUMBER OF YEARS	37.00	39.00	39.00	39.00
NUMBER OF MONTHS	444	468	468	468
NUMBER OF MONTHS AMORT.	<u>330</u>	<u>318</u>	<u>306</u>	<u>294</u>
MONTHS REMAINING	<u>114</u>	<u>150</u>	<u>162</u>	<u>174</u>

Format 45(a)(7), Schedule 1

Columbia Gas of Kentucky, Inc. Case No. 2013-00167 Reconciliation of Book Net Income and Federal Taxable Income 12 Months Ended December 31, 2012					
Line No.	Item (a)	Total Company (b)	Total Company Non-Operating (c)	Operating	
				Kentucky Retail (d)	Other Jurisdictional (e)
1.	Net income per books	8,515,724	773,708	7,742,016	
2.	Add income taxes:				
3.	Federal income tax – current	2,408,667	787,045	1,621,622	
4.	Federal income tax – deferred depreciation	3,254,656		3,254,656	
5.	Federal income tax – deferred other	(1,239,783)	88,529	(1,328,312)	
6.	Investment tax credit adjustment	(80,172)		(80,172)	
7.	Federal income taxes charged to other income and deductions	0	0	0	
8.	State income taxes	373,600	697,731	(324,131)	
9.	State income taxes charged to other income and deductions				
10.	Total	13,232,692	2,347,013	10,885,679	
11.	Flow through items:				
12.	Add (itemize)	117,082	37,318	79,764	
13.	Deduct (itemize)	(166,533)	(28,596)	(137,937)	
14.	Book taxable income	13,183,241	2,355,735	10,827,506	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (itemize)	5,361,886	9,629	5,352,257	
17.	Deduct (itemize)	(11,285,606)	(116,665)	(11,168,941)	
18.	Taxable income per return	7,259,521	2,248,699	5,010,822	

Note: (1) Provide a calculation of the amount shown on Lines 3 through 7 above.
(2) Provide workpapers supporting each calculation including the depreciation for straight-line tax and accelerated tax depreciation.
(3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Format 45(a)(7), Schedule 2

Columbia Gas of Kentucky, Inc. Case No. 2013-00167 Reconciliation of Book Net Income and State Taxable Income 12 Months Ended December 31, 2012					
Line No.	Item (a)	Total Company (b)	Total Company Non-Operating (c)	Operating	
				Kentucky Retail (d)	Other Jurisdictional (e)
1.	Net income per books	8,515,724	773,708	7,742,016	
2.	Add income taxes:				
3.	Federal income tax – current	2,408,667	787,045	1,621,622	
4.	Federal income tax – deferred depreciation	3,254,656		3,254,656	
5.	Federal income tax – deferred other	(1,239,783)	88,529	(1,328,312)	
6.	Investment tax credit adjustment	(80,172)		(80,172)	
7.	Federal income taxes charged to other income and deductions	0	0	0	
8.	State income taxes	624,356	841,265	(216,909)	
9.	State income taxes charged to other income and deductions				
10.	Total	13,483,448	2,490,547	10,992,901	
11.	Flow through items:				
12.	Add (itemize)	117,082	37,318	79,764	
13.	Deduct (itemize)	(166,533)	(28,596)	(137,937)	
14.	Book taxable income	13,433,997	2,499,269	10,934,728	
15.	Differences between book taxable income and taxable income per tax return:				
16.	Add (itemize)	5,361,886	9,629	5,352,257	
17.	Deduct (itemize)	(8,864,583)	(116,665)	(8,747,918)	
18.	Taxable income per return	9,931,300	2,392,233	7,539,067	

Note: (1) Provide a calculation of the amount shown on Lines 3 through 7 above.
(2) Provide workpapers supporting each calculation including the depreciation for straight-line tax and accelerated tax depreciation.
(3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

2011

Form **1120**

U.S. Corporation Income Tax Return

For calendar year 2011 or tax year beginning _____, ending _____

▶ See separate instructions.

Department of the Treasury
 Internal Revenue Service

- A** Check if:
 - 1a** Consolidated return (attach Form 951)
 - Life/nonlife consolidated return
 - 2** Personal holding co. (attach Sch. PH)
 - 3** Personal service corp. (see Instr.)
 - 4** Schedule M-3 attached

Name
 COLUMBIA GAS OF KENTUCKY INC

Number, street, and room or suite no. If a P.O. box, see instructions.
 200 CIVIC CENTER DRIVE

City or town, state, and ZIP code
 COLUMBUS OR 43215

B Employer identification number
 [REDACTED]

C Date incorporated
 10/11/1905

D Total assets (see instructions)
 \$ 303,222,909

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1 a Merchant card and third-party payments. For 2011, enter -0-	1a	0
	b Gross receipts or sales not reported on line 1a (see instructions)	1b	147,570,885
	c Total. Add lines 1a and 1b	1c	147,570,885
	d Returns and allowances plus any other adjustments (see instructions)	1d	
	e Subtract line 1d from line 1c.	1e	147,570,885
	2 Cost of goods sold from Form 1125-A, line 8 (attach Form 1125-A)	2	84,865,572
	3 Gross profit. Subtract line 2 from line 1e	3	62,705,313
	4 Dividends (Schedule C, line 19)	4	0
	5 Interest See Stmt. 1.	5	893,256
	6 Gross rents	6	
	7 Gross royalties	7	
8 Capital gain net income (attach Schedule D (Form 1120))	8	0	
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	9	-302,549	
10 Other income (see instructions - attach schedule) See Stmt. 2.	10	967,053	
11 Total income. Add lines 3 through 10 ▶	11	64,263,073	
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers from Form 1125-E, line 4 (attach Form 1125-E) ▶	12	0
	13 Salaries and wages (less employment credits)	13	6,702,880
	14 Repairs and maintenance	14	3,961,177
	15 Bad debts	15	940,450
	16 Rents See Stmt. 3.	16	821,751
	17 Taxes and licenses See Stmt. 4.	17	3,326,123
	18 Interest See Stmt. 5.	18	4,810,594
	19 Charitable contributions	19	151,069
	20 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)	20	19,058,808
	21 Depletion	21	
	22 Advertising	22	129,864
	23 Pension, profit-sharing, etc., plans	23	3,689,610
	24 Employee benefit programs	24	921,581
	25 Domestic production activities deduction (attach Form 8903)	25	
	26 Other deductions (attach schedule) See Stmt. 6.	26	22,379,881
	27 Total deductions. Add lines 12 through 26 ▶	27	66,893,788
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11	28	-2,630,715
Tax, Refundable Credits, and Payments	29 a Net operating loss deduction (see instructions)	29a	
	b Special deductions (Schedule C, line 20)	29b	0
	c Add lines 29a and 29b.	29c	0
30 Taxable income. Subtract line 29c from line 28 (see instructions)	30	-2,630,715	
31 Total tax (Schedule J, Part I, line 11)	31		
32 Total payments and refundable credits (Schedule J, Part II, line 21)	32		
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ <input type="checkbox"/>	33		
34 Amount owed. If line 32 is smaller than the total of lines 31 and 33, enter amount owed	34		
35 Overpayment. If line 32 is larger than the total of lines 31 and 33, enter amount overpaid	35		
36 Enter amount from line 35 you want: Credited to 2012 estimated tax ▶ Refunded ▶	36		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instr.)? Yes No

Paid Preparer Use Only

Print/Type preparer's name _____ Preparer's signature _____ Date _____ Check If self-employed PTIN _____

Firm's name ▶ _____ Firm's EIN ▶ _____

Firm's address ▶ _____ Phone no. _____

Form 1120 (2011)

Schedule C Dividends and Special Deductions (see instructions)		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	Total. Add lines 1 through 8. See instructions for limitation			0
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4	0		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			0

Schedule J Tax Computation and Payment (see instructions)

Part I - Tax Computation

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2
	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834, line 30 (attach Form 8834)	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method - completed long-term contracts (attach Form 8897)	9c	
d	Interest due under the look-back method - income forecast method (attach Form 8866)	9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
f	Other (see instructions - attach schedule)	9f	
10	Total. Add lines 9a through 9f		10
11	Total tax. Add lines 7, 8, and 10. Enter here and on page 1, line 31		11

Part II - Payments and Refundable Credits

12	2010 overpayment credited to 2011		12
13	2011 estimated tax payments		13
14	2011 refund applied for on Form 4486		14
15	Combine lines 12, 13, and 14		15
16	Tax deposited with Form 7004		16
17	Withholding (see instructions)		17
18	Total payments. Add lines 15, 16, and 17		18
19	Refundable credits from:		
a	Form 2439	19a	
b	Form 4136	19b	
c	Form 3800, line 17c and Form 8827, line 8c	19c	
d	Other (attach schedule - see instructions)	19d	
20	Total credits. Add lines 19a through 19d		20
21	Total payments and credits. Add lines 18 and 20. Enter here and on page 1, line 32		21

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. <u>221210</u>		
b	Business activity <u>DIST AND SALE OF NATURAL GAS</u>		
c	Product or service <u>NATURAL GAS</u>		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidary controlled group? If "Yes," enter name and EIN of the parent corporation <u>NISOURCE INC</u> <u>35-2108964</u>	X	
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X

Schedule K Other Information continued (see instructions) Yes No

5 At the end of the tax year, did the corporation:
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instrs. If "Yes," complete (i) through (iv) below. Yes No

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below. Yes No

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) Yes No
 If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.
 If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? Yes No
 For rules of attribution, see section 318. If "Yes," enter:
 (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____

(c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount
 If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ NONE

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here.
 If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ _____

13 Are the corporation's total receipts (line 1c plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? Yes No

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____

Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? Yes No
 If "Yes," complete and attach Schedule UTP.

15 Did the corporation make any payments in 2011 that would require it to file Form(s) 1099 (see instructions)? Yes No
 If "Yes," did or will the corporation file all required Forms 1099? Yes No

Schedule L: Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		3,454,803		2,577,207
2 a Trade notes and accounts receivable	15,114,072		10,781,771	
3 b Less allowance for bad debts	(239,528)	14,874,544	(366,905)	10,414,866
4 Inventories		40,004,078		47,889,743
5 U.S. government obligations				
6 Tax-exempt securities (see instructions)				
7 Other current assets (attach schedule) See Stmt 7		60,289,421		41,665,451
8 Loans to shareholders				
9 Mortgage and real estate loans				
10 Other investments (attach schedule) See Stmt 8		354,004		404,411
11 a Buildings and other depreciable assets	292,850,733		298,690,396	
12 b Less accumulated depreciation	(101,074,234)	191,776,499	(126,993,340)	171,697,056
13 a Depletable assets				
14 b Less accumulated depletion				
15 Land (net of any amortization)		1,449,861		1,482,432
16 a Intangible assets (amortizable only)	2,227,790		2,421,687	
17 b Less accumulated amortization	(925,424)	1,302,366	(1,023,453)	1,398,234
18 Other assets (attach schedule) See Stmt 9		16,554,057		25,693,509
19 Total assets		330,059,633		303,222,909
Liabilities and Shareholders' Equity				
20 Accounts payable		13,801,513		9,316,949
21 Mortgages, notes, bonds payable in less than 1 year See Stmt 10				
22 Other current liabilities (attach schedule)		60,856,459		55,924,264
23 Loans from shareholders See Stmt 11				
24 Mortgages, notes, bonds payable in 1 yr or more		82,055,000		82,055,000
25 Other liabilities (attach schedule) See Stmt 12		83,949,524		65,585,118
26 Capital stock: a Preferred stock				
27 b Common stock	23,806,200	23,806,200	23,806,200	23,806,200
28 Additional paid-in capital		5,342,867		5,582,727
29 Retained earnings - Appropriated (attach schedule)		0		0
30 Retained earnings - Unappropriated		60,248,070		60,952,651
31 Adjustments to shareholders' equity (attach schedule)		0		0
32 Less cost of treasury stock		()		()
33 Total liabilities and shareholders' equity		330,059,633		303,222,909

Schedule M-1: Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books		7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books		Tax-exempt interest \$ _____	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize): _____		8 Deductions on this return not charged against book income this year (itemize):	
5 Expenses recorded on books this year not deducted on this return (itemize):		a Depreciation \$ _____	
a Depreciation \$ _____		b Charitable contributions \$ _____	
b Charitable contributions \$ _____			
c Travel and entertainment \$ _____		9 Add lines 7 and 8	
6 Add lines 1 through 5		10 Income (page 1, line 28) - line 6 less line 9	

Schedule M-2: Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	60,248,070	5 Distributions: a Cash	10,000,000
2 Net income (loss) per books	10,854,264	b Stock	
3 Other increases (itemize): _____		c Property	
4 Add lines 1, 2, and 3	71,102,334	6 Other decreases (itemize): _____	
		See Stmt 13	149,683
		7 Add lines 5 and 6	10,149,683
		8 Balance at end of year (line 4 less line 7)	60,952,651

Form **4626**

Alternative Minimum Tax - Corporations

2011

Department of the Treasury
 Internal Revenue Service

▶ See separate instructions.

▶ Attach to the corporation's tax return.

Name: **COLUMBIA GAS OF KENTUCKY INC** Employer identification number: [REDACTED]

Note: See the instructions to find out if the corporation is a small corporation exempt from the alternative minimum tax (AMT) under section 55(e).

1	Taxable income or (loss) before net operating loss deduction	1	-2,630,715
2	Adjustments and preferences:		
a	Depreciation of post-1986 property	2a	439,724
b	Amortization of certified pollution control facilities	2b	
c	Amortization of mining exploration and development costs	2c	
d	Amortization of circulation expenditures (personal holding companies only)	2d	
e	Adjusted gain or loss	2e	-241,508
f	Long-term contracts	2f	
g	Merchant marine capital construction funds	2g	
h	Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only)	2h	
i	Tax shelter farm activities (personal service corporations only)	2i	
j	Passive activities (closely held corporations and personal service corporations only)	2j	
k	Loss limitations	2k	
l	Depletion	2l	
m	Tax-exempt interest income from specified private activity bonds	2m	
n	Intangible drilling costs	2n	
o	Other adjustments and preferences <i>See Stmt. 14</i>	2o	-427,433
3	Pre-adjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2o	3	-2,859,932
4	Adjusted current earnings (ACE) adjustment:		
a	ACE from line 10 of the ACE worksheet in the instructions	4a	-28,658,587
b	Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see instructions)	4b	-25,798,655
c	Multiply line 4b by 75% (.75). Enter the result as a positive amount	4c	19,348,991
d	Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You must enter an amount on line 4d (even if line 4b is positive)	4d	5,853,565
e	ACE adjustment. • If line 4b is zero or more, enter the amount from line 4c • If line 4b is less than zero, enter the smaller of line 4c or line 4d as a negative amount	4e	-5,853,565
5	Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe any AMT.	5	-8,713,497
6	Alternative tax net operating loss deduction (see instructions)	6	
7	Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see instructions	7	
8	Exemption phase-out (If line 7 is \$310,000 or more, skip lines 8a and 8b and enter -0- on line 8c):		
a	Subtract \$150,000 from line 7 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8a	
b	Multiply line 8a by 25% (.25)	8b	
c	Exemption. Subtract line 8b from \$40,000 (if completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	8c	
9	Subtract line 8c from line 7. If zero or less, enter -0-	9	
10	Multiply line 9 by 20% (.20)	10	
11	Alternative minimum tax foreign tax credit (AMTFTC) (see instructions)	11	
12	Tentative minimum tax. Subtract line 11 from line 10	12	
13	Regular tax liability before applying all credits except the foreign tax credit	13	
14	Alternative minimum tax. Subtract line 13 from line 12. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 3, or the appropriate line of the corporation's income tax return.	14	

For Paperwork Reduction Act Notice, see the instructions.

Adjusted Current Earnings (ACE) Worksheet

▶ See ACE Worksheet Instructions. (which begin on page 8).

1	Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626		1	-2,859,932
2	ACE depreciation adjustment:			
a	AMT depreciation	2a	18,619,084	
b	ACE depreciation:			
	(1) Post-1993 property	2b(1)	17,333,800	
	(2) Post-1989, pre-1994 property	2b(2)	799,084	
	(3) Pre-1990 MACRS property	2b(3)	658,295	
	(4) Pre-1990 original ACRS property	2b(4)	407,977	
	(5) Property described in sections 168(f)(1) through (4).	2b(5)		
	(6) Other property	2b(6)	145,395	
	(7) Total ACE depreciation. Add lines 2b(1) through 2b(6)	2b(7)	19,344,551	
c	ACE depreciation adjustment. Subtract line 2b(7) from line 2a			2c -725,467
3	Inclusion in ACE of Items Included in earnings and profits (E&P):			
a	Tax-exempt interest income	3a		
b	Death benefits from life insurance contracts	3b		
c	All other distributions from life insurance contracts (including surrenders)	3c		
d	Inside buildup of undistributed income in life insurance contracts	3d		
e	Other items (see Regulations sections 1.56(g)-1(c)(6)(ii) through (ix) for a partial list)	3e		
f	Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e			3f 0
4	Disallowance of items not deductible from E&P:			
a	Certain dividends received	4a		
b	Dividends paid on certain preferred stock of public utilities that are deductible under section 247	4b		
c	Dividends paid to an ESOP that are deductible under section 404(k)	4c		
d	Nonpatronage dividends that are paid and deductible under section 1302(c)	4d		
e	Other items (see Regulations sections 1.56(g)-1(d)(3)(i) and (ii) for a partial list)	4e		
f	Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e			4f 0
5	Other adjustments based on rules for figuring E&P:			
a	Intangible drilling costs	5a		
b	Circulation expenditures	5b		
c	Organizational expenditures	5c		
d	LIFO inventory adjustments	5d	-25,014,037	
e	Installation sales	5e		
f	Total other E&P adjustments. Combine lines 5a through 5e			5f -25,014,037
6	Disallowance of loss on exchange of debt pools			6
7	Acquisition expenses of life insurance companies for qualified foreign contracts			7
8	Depletion			8
9	Basic adjustments in determining gain or loss from sale or exchange of pre-1994 property			9 -59,151
10	Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626			10 -28,658,587

For Paperwork Reduction Act Notice, See Instructions.

Form **1125-A**
 (December 2011)

Cost of Goods Sold

OMB No. 1545-2225

Department of the Treasury
 Internal Revenue Service

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, and 1065-B.

COLUMBIA GAS OF KENTUCKY INC

Employer identification number

1	Inventory at beginning of year	
2	Purchases	92,998,638
3	Cost of labor	
4	Additional section 263A costs (attach schedule)	0
5	Other costs (attach schedule)	0
6	Total. Add lines 1 through 5	140,415,789
7	Inventory at end of year	55,550,217
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see Instructions)	84,865,572

9a Check all methods used for valuing closing inventory:

- (i) Cost
- (ii) Lower of cost or market
- (iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods. ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
 If "Yes," attach explanation

Form **4136**

Credit for Federal Tax Paid on Fuels

Department of the Treasury
 Internal Revenue Service (99)

▶ See the separate instructions.

▶ For information about Form 4136 and its instructions, go to www.irs.gov/form4136.

2011

Attachment
 Sequence No. **23**

Name (as shown on your income tax return)

Taxpayer identification number

COLUMBIA GAS OF KENTUCKY INC

Caution. Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1c and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline Note. CRN is credit reference number.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use	\$.183		\$	362
b	Use on a farm for farming purposes	.183			
c	Other nontaxable use (see Caution above line 1)	.183			
d	Exported	.184			411

2 Nontaxable Use of Aviation Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)	\$.15*		\$	354
b	Other nontaxable use (see Caution above line 1)	.193*			324
c	Exported	.194*			412
d	LUST tax on aviation fuels used in foreign trade	.001			433

*See instructions for possible rate changes.

3 Nontaxable Use of Undyed Diesel Fuel

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	02	2,774	\$	360
b	Use on a farm for farming purposes	.243			
c	Use in trains	.243			
d	Use in certain intercity and local buses (see Caution above line 1)	.17			
e	Exported	.244			

4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used In Aviation)

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at \$.244	\$.243		\$	346
b	Use on a farm for farming purposes	.243			
c	Use in certain intercity and local buses (see Caution above line 1)	.17			
d	Exported	.244			
e	Nontaxable use taxed at \$.044	.043			
f	Nontaxable use taxed at \$.219	.218			

For Paperwork Reduction Act Notice, see the separate instructions.

5 Kerosene Used In Aviation (see Caution above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.244	\$.200		\$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219*	.175*			355
c	Nontaxable use (other than use by state or local government) taxed at \$.244	.243			346
d	Nontaxable use (other than use by state or local government) taxed at \$.219*	.218*			369
e	LUST tax on aviation fuels used in foreign trade	.001			433

*See Instructions for possible rate changes.

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel Registration No. ▶

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach an explanation and check here

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	\$.243	\$	360
b	Use in certain Intercity and local buses	.17		350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use In Aviation) Registration No. ▶

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach an explanation and check here

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use by a state or local government	\$.243		
b	Sales from a blocked pump	.243	\$	346
c	Use in certain Intercity and local buses	.17		347

8 Sales by Registered Ultimate Vendors of Kerosene For Use In Aviation Registration No. ▶

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) taxed at \$.219*	\$.175*		\$	355
b	Use in commercial aviation (other than foreign trade) taxed at \$.244	.200			417
c	Nonexempt use in noncommercial aviation	.025*			418
d	Other nontaxable uses taxed at \$.244	.243			346
e	Other nontaxable uses taxed at \$.219*	.218*			369
f	LUST tax on aviation fuels used in foreign trade	.001			433

*See Instructions for possible rate changes.

COLUMBIA GAS OF KENTUCKY INC

Form 4136 (2011)

Page 3

9 Alcohol Fuel Mixture Credit

Registration No. ▶

Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Alcohol fuel mixtures containing ethanol	\$.45*		\$	393
b Alcohol fuel mixtures containing alcohol (other than ethanol)	.60*			394

* These credits were scheduled to expire December 31, 2011

10 Biodiesel or Renewable Diesel Mixture Credit

Registration No. ▶

Biodiesel mixtures. Claimant produced a mixture by mixing biodiesel with diesel fuel. The biodiesel used to produce the mixture met ASTM D6751 and met EPA's registration requirements for fuels and fuel additives. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller. **Renewable diesel mixtures.** Claimant produced a mixture by mixing renewable diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture was derived from biomass process, met EPA's registration requirements for fuels and fuel additives, and met ASTM D975, D396, or other equivalent standard approved by the IRS. The mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant. Claimant has attached the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which have been edited as discussed in the instructions for Form 4136. See the Instr for line 10 for information about renewable diesel used in aviation.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	\$ 1.00*		\$	388
b Agri-biodiesel mixtures	\$ 1.00*			390
c Renewable diesel mixtures	\$ 1.00*			307

* These credits were scheduled to expire December 31, 2011

11 Nontaxable Use of Alternative Fuel

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		\$.183		\$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.87 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process		.243			423
f Liquid fuel derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425
h Liquefied gas derived from biomass		.183			435

12 Alternative Fuel Credit and Alternative Fuel Mixture Credit

Registration No. ▶

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	\$.50*		\$	426
b "P Series" fuels	.50*			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50*			428
d Liquefied hydrogen	.50			429
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	.50*			430
f Liquid fuel derived from biomass	.50*			431
g Liquefied natural gas (LNG)	.50*			432
h Liquefied gas derived from biomass	.50*			436
i Compressed gas derived from biomass (GGE = 121 cu. ft.)	.50*			437

* These credits were scheduled to expire December 31, 2011

Form 4136 (2011)

13 Registered Credit Card Issuers

Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	\$.243		\$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219*	.216*			389

*See instructions for possible rate changes.

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5) (see instructions).

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		\$.197		\$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending

Registration No. ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	\$.046		\$	310

16 Exported Dyed Fuels and Exported Gasoline Blendstocks

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel and exported gasoline blendstocks taxed at \$.001	\$.001		\$	415
b Exported dyed kerosene	.001			416

17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70; Form 1120, Schedule J, line 19b; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ▶	17	\$	674	
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SCHEDULE B
 (Form 1120)
 (Rev. December 2009)
 Department of the Treasury
 Internal Revenue Service

**Additional Information for
 Schedule M-3 Filers**

▶ Attach to Form 1120.
 ▶ See instructions.

Name: **COLUMBIA GAS OF KENTUCKY INC** Employer identification number (EIN): **[REDACTED]**

	Yes	No
1 Do the amounts reported on Schedule M-3 (Form 1120), Part II, lines 9 or 10, column (d), reflect allocations to this corporation from a partnership of income, gain, loss, deduction, or credit that are disproportionate to this corporation's capital contribution to the partnership or its ratio for sharing other items of the partnership?		<input checked="" type="checkbox"/>
2 At any time during the tax year, did the corporation sell, exchange, or transfer any interest in an intangible asset to a related person as defined in section 267(b)?		<input checked="" type="checkbox"/>
3 At any time during the tax year, did the corporation acquire any interest in an intangible asset from a related person as defined in section 267(b)?		<input checked="" type="checkbox"/>
4a During the tax year, did the corporation enter into a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations?		<input checked="" type="checkbox"/>
b At any time during the tax year, was the corporation a participant in a cost-sharing arrangement with any related foreign party on whose behalf the corporation did not file Form 5471?		<input checked="" type="checkbox"/>
5 At any time during the tax year, did the corporation make any change in accounting principle for financial accounting purposes? See instructions for the definition of change in accounting principle.		<input checked="" type="checkbox"/>
6 At any time during the tax year, did the corporation make any change in a method of accounting for U.S. income tax purposes?		<input checked="" type="checkbox"/>
7 At any time during the tax year, did the corporation own any voluntary employees' beneficiary association (VEBA) trusts that were used to hold funds designated for employee benefits?	<input checked="" type="checkbox"/>	
8 At any time during the tax year, did the corporation use an allocation method for indirect costs capitalized to self-constructed assets that varied from its financial method of accounting?	<input checked="" type="checkbox"/>	
9 At any time during the tax year, did the corporation treat for tax purposes indirect costs, as defined in Regulations sections 1.263A-1(e)(3)(ii)(F), (G), and (H), as mixed-service costs, as defined in Regulations section 1.263A-1(e)(4)(ii)(C)?		<input checked="" type="checkbox"/>
10 Did the corporation, under section 118 or 362(c) and the related regulations, take a return filing position characterizing any amount as a contribution to the capital of the corporation during the tax year by any non-shareholders? Amounts so characterized may include, without limitation, incentives, inducements, money, and property		<input checked="" type="checkbox"/>

SCHEDULE M-3 (Form 1120)

Net Income (Loss) Reconciliation for Corporations With Total Assets of \$10 Million or More

Attach to Form 1120 or 1120-C.

See separate instructions.

2011

Department of the Treasury Internal Revenue Service

Name of corporation (common parent, if consolidated return)

Employer identification number

COLUMBIA GAS OF KENTUCKY INC

- Check applicable box(es): (1) Non-consolidated return (2) Consolidated return (Form 1120 only) (3) Mixed 1120/L/PC group (4) Dormant subsidiaries schedule attached

Part I Financial Information and Net Income (Loss) Reconciliation (see instructions)

- 1 a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year? b Did the corporation prepare a certified audited non-tax-basis income statement for that period? c Did the corporation prepare a non-tax-basis income statement for that period?

- 2 a Enter the income statement period: Beginning 01/01/2011 Ending 12/31/2011 b Has the corporation's income statement been restated for the income statement period on line 2a? c Has the corporation's income statement been restated for any of the five income statement periods preceding the period on line 2a?

- 3 a Is any of the corporation's voting common stock publicly traded? b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock

Table with 2 columns: Description and Amount. Rows include Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1 (10,854,264), Net income from nonincludible foreign entities, Net income from nonincludible U.S. entities, and Net Income (loss) per income statement of includible corporations (10,854,264).

12 Enter the total amount (not just the corporation's share) of the assets and liabilities of all entities included or removed on the following lines.

Table with 3 columns: Description, Total Assets, and Total Liabilities. Rows include Included on Part I, line 4 (303,222,909 / 212,881,331), Removed on Part I, line 5, Removed on Part I, line 6, and Included on Part I, line 7.

Schedule M-3 (Form 1120) 2011

Name of corporation (common parent, if consolidated return)

Employer identification number

COLUMBIA GAS OF KENTUCKY INC

Check applicable box(es): (1) Consolidated group (2) Parent corp (3) Consolidated eliminations (4) Subsidiary corp (5) Mixed 1120/L/PC group

Check if a sub-consolidated: (6) 1120 group (7) 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 11)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations	49,725		-49,725	
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)	897,085	-3,829		893,256
14 Total accrual to cash adjustment				
15 Hedging transactions	-1,139,520	-1,733,850		-2,873,370
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)	(85,114,900)	249,408		(84,865,492)
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
1 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23 a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities	-18,743	18,743		
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses		-302,549		-302,549
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)	328,926	719,150		1,048,076
26 Total income (loss) items. Combine lines 1 through 25	-84,997,507	-1,052,927	-49,725	-86,100,159
27 Total expense/deduction items (from Part III, line 30)	-32,418,293	-17,967,132	5,584,805	-44,800,620
28 Other items with no differences	128,270,064			128,270,064
29 a Mixed groups, see instructions. All others, combine lines 26 through 28	10,854,264	-19,020,059	5,535,080	-2,630,715
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
j Reconciliation totals. Combine lines 29a through 29c	10,854,264	-19,020,059	5,535,080	-2,630,715

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Schedule M-3 (Form 1120) 2011

Name of corporation (common parent, if consolidated return)

Employer identification number

COLUMBIA GAS OF KENTUCKY INC

Check applicable box(es): (1) Consolidated group (2) Parent corp (3) Consolidated eliminations (4) Subsidiary corp (5) Mixed 1120/L/PC group

Check if a sub-consolidated: (6) 1120 group (7) 1120 eliminations

Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense	-871,714		871,714	
2 U.S. deferred income tax expense	6,468,345		-6,468,345	
3 State and local current income tax expense	72,676	581,772		654,448
4 State and local deferred income tax expense	884,512	-884,512		
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)	4,810,854	-260		4,810,594
9 Stock option expense				
10 Other equity-based compensation	-1,662	1,973	-311	
11 Meals and entertainment	26,814		-26,814	
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing	991,916	2,697,694		3,689,610
17 Other post-retirement benefits	290,821	325,360	76,310	692,491
18 Deferred compensation	352,518	-352,518		
Charitable contribution of cash and tangible property	151,069			151,069
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs	185,559	-185,559		
29 Section 198 environmental remediation costs				
30 Depletion				
31 Depreciation	5,997,386	13,061,422		19,058,808
32 Bad debt expense	594,182	346,268		940,450
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Research and development costs	352,235			352,235
36 Section 118 exclusion (attach schedule)				
37 Other expense/deduction items with differences (attach schedule) See Stmt 17	12,112,782	2,375,492	-37,359	14,450,915
38 Total expense/deduction items. Combine lines 1 through 37. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive	32,418,293	17,967,132	-5,584,805	44,800,620

Form **8916-A**

Supplemental Attachment to Schedule M-3

2011

Department of the Treasury
 Internal Revenue Service

▶ Attach to Schedule M-3 for Form 1065, 1120, 1120-L, 1120-PC, or 1120S.

Name of common parent COLUMBIA GAS OF KENTUCKY INC		Employer identification number [REDACTED]
Name of subsidiary		Employer identification number

Part I Cost of Goods Sold				
Cost of Goods Sold Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 Amounts attributable to cost flow assumptions		240,889		240,889
2 Amounts attributable to:	[REDACTED]			
a Stock option expense				
b Other equity based compensation				
c Meals and entertainment				
d Parachute payments				
e Compensation with section 162(m) limitation				
f Pension and profit sharing		1,381		1,381
Other post-retirement benefits		259		259
h Deferred compensation				
i Section 198 environmental remediation costs				
j Amortization				
k Depletion				
l Depreciation				
m Corporate owned life insurance premiums				
n Other section 263A costs		6,879		6,879
3 Inventory shrinkage accruals				
4 Excess inventory and obsolescence reserves				
5 Lower of cost or market write-downs				
6 Other items with differences (attach schedule)				
7 Other items with no differences.	(85,114,980)	[REDACTED]		(85,114,980)
Total cost of goods sold. Add lines 1 through 7, In columns a, b, c, and d	(85,114,980)	249,408		(84,865,572)

For Paperwork Reduction Act Notice, see instructions.

Form 8916-A (2011)

COLUMBIA GAS OF KENTUCKY INC

Form 9916-A (2011)

Part II Interest Income					
	Interest Income Item	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Tax-exempt interest income				
2	Interest income from hybrid securities				
3	Sale/lease interest income				
4 a	Intercompany interest income - From outside tax affiliated group				
4 b	Intercompany interest income - From tax affiliated group	851,577			851,577
5	Other interest income	45,508	-3,829		41,679
6	Total interest income. Add lines 1 through 5. Enter total on Schedule M-3 (Forms 1120, 1120-PC, and 1120-L), Part II, line 13 or Schedule M-3 (Forms 1065 and 1120S) Part II, line 11.	897,085	-3,829		893,256

Part III Interest Expense					
	Interest Expense Item	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1	Interest expense from hybrid securities				
2	Lease/purchase interest expense				
3 a	Intercompany interest expense - Paid to outside tax affiliated group				
3 b	Intercompany interest expense - Paid to tax affiliated group	4,659,436			4,659,436
4	Other interest expense	151,418	-260		151,158
5	Total interest expense. Add lines 1 through 4. Enter total on Schedule M-3 (Form 1120) Part III, line 8; Schedule M-3 (Forms 1120-PC and 1120-L), Part III, line 36; Schedule M-3 (Form 1065) Part III, line 27; or Schedule M-3 (Form 1120S) Part III, line 26.	4,810,854	-260		4,810,594

Form **4562**

Depreciation and Amortization
 (Including Information on Listed Property)

OMB No. 1545-0172

2011

Department of the Treasury
 Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Attachment
 Sequence No. **179**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

COLUMBIA GAS OF KENTUCKY INC

DIST AND SALE OF NATURAL GAS

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0
10	Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	0
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0
13	Carryover of disallowed deduction to 2012. Add lines 9 and 10, less line 12	13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	12,978,740
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	157,525

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2011	17	5,892,100
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B - Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property		22,134	5.0	HY	200 DB	4,427
c 7-year property						
d 10-year property						
e 15-year property		684,505	15.0	HY	150 DB	25,669
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property	01/2011	14,084	39 yrs.	MM	S/L	347
				MM	S/L	

Section C - Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20 a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	19,058,800
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	15,043

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2011)

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? [X] Yes [] No 24b If "Yes," is the evidence written? [X] Yes [] No

Table with columns (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25

26 Property used more than 50% in a qualified business use:

Table for 26 with columns: Leased Vehicles, Date, Business/investment use percentage, Basis, Recovery period.

27 Property used 50% or less in a qualified business use:

Table for 27 with columns: Basis, Recovery period, Method/Convention.

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 28 0

29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 29 0

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns (a) through (f) for Vehicle 1 through Vehicle 6, and rows 30-36 for miles driven and availability questions.

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with rows 37-41 and Yes/No columns for questions about vehicle use policies.

Part VI Amortization

Table for Part VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2011 tax year (see instructions):

43 Amortization of costs that began before your 2011 tax year 43

44 Total. Add amounts in column (f). See the instructions for where to report 44 0

Form **4797**

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184
2011
 Attachment
 Sequence No. **27**

Department of the Treasury
 Internal Revenue Service (99)

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return

Identifying number

COLUMBIA GAS OF KENTUCKY INC

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39 3
 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 4
 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5
 6 Gain, if any, from line 32, from other than casualty or theft 6
 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 7 0

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. **Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions) 8
 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) 9

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

Software Project	Various	Various			18,743	(18,743)
Public Utility	Various	Various	16,970	1,319,222	1,619,998	(283,806)

11 Loss, if any, from line 7 11 ()
 12 Gain, if any, from line 7 or amount from line 8, if applicable 12
 13 Gain, if any, from line 31 13
 14 Net gain or (loss) from Form 4684, lines 31 and 30a 14
 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 15
 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 16
 17 Combine lines 10 through 16 17 (302,549)

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

- a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions 18a
- b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 18b

For Paperwork Reduction Act Notice, see separate instructions.

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:			
B			
C			
D			
These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B
		Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	
21	Cost or other basis plus expense of sale	21	
22	Depreciation (or depletion) allowed or allowable	22	
23	Adjusted basis. Subtract line 22 from line 21	23	
24	Total gain. Subtract line 23 from line 20	24	
25 If section 1245 property:			
a	Depreciation allowed or allowable from line 22	25a	
b	Enter the smaller of line 24 or 25a	25b	
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.			
e	Additional depreciation after 1975 (see instructions)	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26e, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1970	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).			
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage (see instructions)	27b	
c	Enter the smaller of line 24 or 27b	27c	
28 If section 1254 property:			
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a	
b	Enter the smaller of line 24 or 28a	28b	
29 If section 1255 property:			
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
b	Enter the smaller of line 24 or 29a (see instructions)	29b	
Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.			
30	Total gains for all properties. Add property columns A through D, line 24	30	0
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	0

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years		
34	Recomputed depreciation (see instructions)		
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	0	0

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN: [REDACTED]

9/6/2012 11:30:52 AM

Form 1120, Page 1, Line 5, Interest income

Statement: 1

<u>Description</u>	<u>Amount</u>
INTERCOMPANY INT INCOME FROM TAX AFFILIATED GROUP	851,577
INTEREST INCOME ON RAR ISSUES	10,341
OTHER INTEREST INCOME	31,338
Total	893,256

Form 1120, Page 1, Line 10, Other income not included elsewhere

Statement: 2

<u>Description</u>	<u>Amount</u>
CUSTOMER ADVANCES RECEIVED	(313,113)
INCOME ACCRUED ON REGULATORY ASSET	155,766
INCOME ACCRUED ON REGULATORY LIABILITY	(206,739)
CONTRIBUTION IN AID OF CONSTRUCTION	518,396
MISC NON-OPERATING INCOME	812,743
Total	967,053

Form 1120, Page 1, Line 16, Rent expense

Statement: 3

<u>Description</u>	<u>Amount</u>
A&G - RENT EXPENSE	692,421
BUILDING LEASE WRITEDOWN/BUYOUTS	(56,967)
RENT EXPENSE; LEASED AUTOMOBILE	(95)
UTILITY RENT EXPENSE	186,392
Total	821,751

Form 1120, Page 1, Line 17, Taxes and licenses

Statement: 4

<u>Description</u>	<u>Amount</u>
STATE TAXES BASED ON INCOME	654,448
REAL ESTATE / PERSONAL PROPERTY TAXES	2,171,098
GROSS RECEIPTS/STORAGE	101
PAYROLL TAXES	474,542
LICENSE / FRANCHISE	5,306
SALES/USE	14,107
OTHER TAXES	6,521
Total	3,326,123

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN [REDACTED]

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Form 1120, Page 1, Line 18, Interest expense

Statement: 5

<u>Description</u>	<u>Amount</u>
INTEREST EXPENSE	156,662
INTERCOMPANY INT EXP - PAID TO TAX AFFILIATED GROUP	4,659,436
OTHER INTEREST EXPENSE	(15,043)
INTEREST ON RAR ISSUES	9,539
Total	4,810,594

Form 1120, Page 1, Line 26, Other deductions not included elsewhere

Statement: 6

<u>Description</u>	<u>Amount</u>
RESEARCH AND DEVELOPMENT COSTS	352,235
BOOK HEDGING INCOME/LOSS	2,873,370
EXPENSE ACCRUED ON REGULATORY ASSET	202,706
PROPERTY COST OF REMOVAL	38,884
GAS DISTRIBUTION OPERATING EXP	8,062,275
CUSTOMER ACCOUNTS EXPENSE	1,178,675
SALES EXPENSE	10,539
OFFICE SUPPLIES & EXP- NET OF ADMIN EXP TRNF	331,682
OUTSIDE SERVICES EMPLOYED	8,169,652
PROPERTY INSURANCE	32,349
INJURIES & DAMAGES	874,202
MISCELLANEOUS GENERAL EXPENSES	253,312
Total	22,379,881

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN: [REDACTED]

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Form 1120, Page 5, Schedule L, Line 6, Other current assets

Statement: 7

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
UNRECOVERED PURCHASED GAS	0	(8,208,734)
REGULATORY ASSETS	2,983,215	3,038,827
ACCTS REC - ASSOCIATES	38,455,593	32,939,293
PREPAYMENTS	584,055	533,523
ACCRUED UTILITY REVENUES	16,063,470	11,005,741
MISC CURR & ACCR ASSETS	2,203,088	2,356,801
Total	60,289,421	41,665,451

Form 1120, Page 5, Schedule L, Line 9, Other investments

Statement: 8

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
SUBSIDIARY CAPITAL STOCK	173,580	174,261
INVESTMENT IN SUBSIDIARY	180,424	230,150
Total	354,004	404,411

Form 1120, Page 5, Schedule L, Line 14, Other assets

Statement: 9

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
CONSTRUCTION WORK IN PROGRESS	3,332,435	2,631,217
INTEREST RECEIVABLE	4,782	9,868
CUSTOMER ACCTS REC-UTILITY	255,090	0
REGULATORY ASSETS	11,172,456	14,228,702
PRELIM GAS SURVEY & INVES	231,664	339,380
MISCELLANEOUS DFD DEBITS	1,557,630	1,487,251
ACCUMULATED DFD TAXES	0	6,997,091
Total	16,554,057	25,693,509

Form 1120, Page 5, Schedule L, Line 18, Other current liabilities

Statement: 10

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
UNRECOVERED PURCHASED GAS	5,371,121	0
DEFERRED REVENUE	2,147,336	1,446,536
REGULATORY LIABILITIES CURRENT	30,714	56,831
ACCT PAYABLE-ASSOCIATES	4,416,826	4,124,210

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN: [REDACTED]

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ACCRUED TAXES	4,881,033	3,114,184
ACCRUED INTEREST	24,312	21,286
TAX COLLECTIONS PAYABLE	1,585,712	1,159,638
ACCRUED VACATIONS	841,968	837,856
CMEP-MAP MEDICAL RESERVE	99,210	89,358
OPEB LIABILITY-CUR	136,624	128,901
OTHER ACCRUED LIABILITIES	41,220,454	44,717,114
ACCRUED RATE REFUNDS	101,149	228,350
Total	60,856,459	55,924,264

Form 1120, Page 5, Schedule L, Line 20, Mortgages, notes, bonds payable in 1 year or more

Statement: 11

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
NOTES PAYABLE	82,055,000	82,055,000
Total	82,055,000	82,055,000

Form 1120, Page 5, Schedule L, Line 21, Other liabilities

Statement: 12

<u>Description</u>	<u>Beginning Amount</u>	<u>Ending Amount</u>
ACCRUED TAXES	0	165,293
ACCRUED INTEREST - NON CURRENT	0	6,876
OTHER LIABILITIES	495,800	1,081,250
ASSET RETIREMENT OBLIGATIONS	7,064,645	0
OTHER DEFERRED CREDITS	10,304,987	7,128,151
REG LIABILITY-SFAS 96	2,262,339	2,138,133
DEFERRED REVENUE	109,896	0
OPEB LIABILITY-DEFERRED	7,144,395	6,448,069
OUTSTANDING LOSS RESERVES	148,526	132,579
REGULATORY LIABILITIES NONCURRENT	23,837,535	1,427,475
ACCUM DFD INCOME TAXES	32,581,401	47,057,292
Total	83,949,524	65,585,118

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN: [REDACTED]

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**Form 1120, Page 5, Schedule M-2, Line 6, Other decreases in unappropriated
retained earnings**

Statement: 13

<u>Description</u>	<u>Amount</u>
PRIOR PERIOD RESTATEMENT	149,683
Total	149,683

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN [REDACTED]
9/6/2012 11:31:04 AM

Statement: 14

Form 4626, Line 2e, Other adjustments and preferences

Row ID	Description	Amount
1	Charitable contribution	(427,433)
Total		(427,433)

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN: [REDACTED]

9/6/2012 11:31:08 AM

Form 1120, Schedule M-3, Page 2, Part II, Line 25, Other income (loss) items with differences

Statement: 15

Description	Income (Loss) per Income Statement	Temporary Difference	Permanent Difference	Income (Loss) per Tax Return
MISC NON-OPERATING INCOME	569,500	243,243	0	812,743
CONTRIBUTION IN AID OF CONSTRUCTION	(3,711)	522,107	0	518,396
INCOME ACCRUED ON REGULATORY LIABILITY	(252,364)	45,625	0	(206,739)
INCOME ACCRUED ON REGULATORY ASSET	180,795	(25,029)	0	155,766
CUSTOMER ADVANCES RECEIVED	0	(313,113)	0	(313,113)
RATE REFUND	0	81,023	0	81,023
DEMAND SIDE MANAGEMENT	(165,294)	165,294	0	0
Total	328,926	719,150	0	1,048,076

Form 1120, Schedule M-3, Page 2, Part II, Line 28, Other income (loss) and exp/ded items with no differences

Statement: 16

Description	Amount per Income Statement	Temporary Difference	Permanent Difference	Amount per Tax Return
MISCELLANEOUS GENERAL EXPENSES	(253,312)	0	0	(253,312)
OFFICE SUPPLIES & EXP- NET OF ADMIN EXP TRNF	(331,682)	0	0	(331,682)
SALES EXPENSE	(10,539)	0	0	(10,539)
CUSTOMER ACCOUNTS EXPENSE	(1,178,675)	0	0	(1,178,675)
GAS DISTRIBUTION OPERATING EXP	(8,062,275)	0	0	(8,062,275)
OTHER EMPLOYBE BENEFITS	848,213	0	0	848,213
GENERAL ADVERTISING EXPENSE	(129,864)	0	0	(129,864)
OTHER TAXES	(6,521)	0	0	(6,521)
SALES/USE	(14,107)	0	0	(14,107)
LICENSE / FRANCHISE	(5,306)	0	0	(5,306)
GROSS RECEIPTS/STORAGE	(101)	0	0	(101)
UTILITY RENT EXPENSE	(186,392)	0	0	(186,392)
A&G - RENT EXPENSE	(692,421)	0	0	(692,421)
GAS DISTRIBUTION MAINTENANCE EXP	(2,493,936)	0	0	(2,493,936)
A&G - SALARIES	(6,702,880)	0	0	(6,702,880)
SALES	147,489,862	0	0	147,489,862

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN: [REDACTED]

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Total	128,270,064	0	0	128,270,064
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Form 1120, Schedule M-3, Page 3, Part III, Line 37, Other expense/deduction items with differences

Statement: 17

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
INJURIES & DAMAGES	940,903	(66,701)	0	874,202
PROPERTY INSURANCE	82,881	(50,532)	0	32,349
OUTSIDE SERVICES EMPLOYED	6,471,832	1,697,820	0	8,169,652
PROPERTY COST OF REMOVAL	0	38,884	0	38,884
LOBBYING EXPENSES	37,264	0	(37,264)	0
EXPENSE ACCRUED ON REGULATORY ASSET	704,601	(501,895)	0	202,706
EMPLOYEE INSURANCE PLANS	1,130,908	(53,605)	0	1,077,303
PAYROLL TAXES	494,062	(19,520)	0	474,542
REAL ESTATE/ PERSONAL PROPERTY TAXES	2,250,331	(79,233)	0	2,171,098
RENT EXPENSE: LEASED AUTOMOBILE	0	0	(95)	(95)
BUILDING LEASE WRITEDOWN/BUYOUTS	0	(56,967)	0	(56,967)
REPAIRS OF GAS PIPELINE	0	1,467,241	0	1,467,241
Total	12,112,782	2,375,492	(37,359)	14,450,915

Form 8916-A, Line 7, Other items with no differences

Statement: 18

Description	Expense per Income Statement	Temporary Difference	Permanent Difference	Deduction per Tax Return
OTHER GAS SUPPLY EXPENSES	7,525,609	0	0	7,525,609
EXCHANGE GAS EXPENSE	(747,458)	0	0	(747,458)
NATURAL GAS PURCHASES	(91,893,131)	0	0	(91,893,131)
Total	(85,114,980)	0	0	(85,114,980)

SUBMISSION ID: CEXT1203090171221

DLN: CM1200004438



New York State Department of Taxation and Finance

CT-5 Request for Six-Month Extension to File

(for franchise/business taxes, MTA surcharge, or both)

Tax Law Articles 9-A, 13, 32, and 33

All filers must enter tax period:

beginning 01/01/2011 ending 12/31/2011

Employer identification number	File number	Business telephone number	
Legal name of corporation COLUMBIA GAS OF KENTUC		Trade name/DBA	
Mailing name (if different from legal name) and address c/o		State or country of incorporation	Date received (for Tax Department use only)
Number and street or PO box		Date of incorporation	
City	State	ZIP code	Foreign corporations: date began business in NYS
If you need to update your address or phone number for corporation tax, or other tax types, you can do so online. See <i>Business Information</i> in Form CT-1.			Audit use

Request for extension of time to file the following forms: Mark box(es) for one article only. Submit only one Form CT-5 and mark an X in both boxes in the appropriate article if you are requesting an extension for both the franchise tax and MTA surcharge returns. For example, mark an X in both the CT-3 box and the CT-3M/4M box under Article 9-A if you are requesting an extension of time to file both returns. Note: Do not use this form if you are a combined filer; use Form CT-5.3 instead.

Article 9-A		Article 13		Article 32		Article 33	
CT-3 or CT-4	<input checked="" type="checkbox"/>	CT-3M/4M	<input type="checkbox"/>	CT-13	<input type="checkbox"/>	CT-32	<input type="checkbox"/>
				CT-32-M	<input type="checkbox"/>	CT-33	<input type="checkbox"/>
						CT-33-C	<input type="checkbox"/>
						CT-33-M	<input type="checkbox"/>
						CT-33-NL	<input type="checkbox"/>

A. Pay amount shown on line 11. Make payable to: New York State Corporation Tax Attach your payment here. Detach all check stubs. (See instructions for details.)	A.	Payment enclosed
---	----	------------------

Computation of estimated franchise tax

1 Franchise tax from the worksheet in Form CT-5-1.....	1.	4200
2 First installment of estimated tax for the next tax year (see instructions).....	2.	1050
3 Total franchise tax and first installment (add lines 1 and 2).....	3.	5250.00
4 Prepayments of franchise tax (from line 16, column A).....	4.	6850.00
5 Balance due - franchise tax (subtract line 4 from line 3).....	5.	-1600.00

Computation of estimated MTA surcharge

6 MTA surcharge from the worksheet in Form CT-5-1.....	6.	
7 First installment of estimated MTA surcharge for the next tax year (see instructions).....	7.	
8 Total MTA surcharge and first installment (add lines 6 and 7).....	8.	
9 Prepayments of MTA surcharge (from line 16, column B).....	9.	
10 Balance due - MTA surcharge (subtract line 9 from line 8).....	10.	
11 Total balance due (add lines 5 and 10 and enter here; enter the payment amount on line A above).....	11.	-1600.00

Composition of prepayments Use this worksheet to determine the prepayments of franchise tax on line 4 and the prepayments of the MTA surcharge on line 9. See instructions.

	Date paid	A. Franchise tax	B. MTA surcharge
12 Mandatory first installment.....	12. 03/07/2011	1700	
13a Second installment from Form CT-400.....	13a. 06/07/2011	1000	
13b Third installment from Form CT-400.....	13b. 09/12/2011	4150	
13c Fourth installment from Form CT-400.....	13c.		
14 Overpayment credited from prior years.....	14.		
15 Overpayment credited from Form CT-.....	15.		
16 Total prepayments (total all entries in column A and column B).....	16.	6850.00	

Paid preparer use only (see Instr.)	Firm's name (or yours if self-employed)	Firm's EIN	Preparer's PTIN or SSN		
	Signature of individual preparing this document	Address	City	State	ZIP code
	E-mail address of individual preparing this document	Preparer's NYTPRN	Date 3/12/12		

45501100099

See instructions for where to file

This is a representation of the data on the e-filed return.

DLN: CM120004438

Page 2 of 2 CT-5 2011

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This is a representation of the data on the e-filed return.

45502100099


DLN: CM1200004438

Payment details	
Bank routing number:	Payment method:
Bank name:	Payment for: CT-9
Bank account number:	Payment date:
Account type:	Amount due (\$):
Account holder:	Payment amount (\$): 0.00

Transaction details	
Confirmation number: CM1200004438	Transaction date/time: 03/09/2012 02:21 PM
Submitted by: BRUCE SEDLOCK	

This is a representation of the data on the e-filed return.

New York State State Agencies Search all of NY.gov

 *The New York State*
Department of Taxation and Finance
 Andrew M. Cuomo - Governor Thomas H. Mattox - Commissioner

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CT- Request for Extension to File

Taxpayer ID: XXX-XX-XXXX Taxpayer name: COLUMBIA GAS OF KENTUC

Transaction Confirmation

The New York State Tax Department received your transaction.

- Select Print to print this confirmation page for your records.

Confirmation

Confirmation number: CEXT1203090171221
 Transaction date/time: 03/09/2012 02:21 PM
 Main form: CT-3
 Extension form: CT-5

Web survey

Provide feedback about this online service through our [Web Survey](#).

1010011157



**RCT-101 (07-11) PAGE 1 OF 6
 PA CORPORATE TAX REPORT 2011**

DEPARTMENT USE ONLY

A A=1120 B=1120S C=1120C D=1120F E=1120H F=1066 G=1040 H=Other

STEP A

Tax Year Beginning **XX** 01012011 Tax Year Ending **XX** 12312011



STEP B

Amended Report **XX** **N** 52-53 Week Filer **XX** **N** First Report **XX** **N**
 Federal Extension Granted **XX** **Y** Address Change **XX** **N** KOZ/EIP/SDA Credit **XX** **N**
 Regulated Inv. Co. **XX** **N** Change Fed Group **XX** **N** File Period Change **XX** **N**

STEP C

Tax Account ID **XX** 6464886 Parent Corporation EIN
 Federal EIN **XX** [REDACTED]
 Business Activity Code **XX** 221210
 Corporation Name **XX** COLUMBIA GAS OF KENTUCKY INC
 Address Line 1 **XX** 200 CIVIC CENTER DRIVE
 Address Line 2 **XX**
 City **XX** COLUMBUS
 State **XX** OH
 ZIP **XX** 43215

USE WHOLE DOLLARS ONLY

STEP E:

STEP D

	A. Tax Liability from Tax Report (can not be less than zero)	B. Estimated Payments & Credits on Deposit	C. Restricted Credits	Payment Due/Overpayment Calculation: A minus B minus C See Instructions
CS/FF	3599	13751	0	-10152
LOANS	0	0	0	0
CNI	0	0	0	0
TOTAL	3599	13751	0	-10152

STEP F: Transfer/Refund Method: See Instructions

Made Payment Electronically **N**

10152 Transfer: Amount to be credited to the next tax year after offsetting all unpaid liabilities

Refund: Amount to be refunded after offsetting all unpaid liabilities

STEP G: Corporate Officer (Sign affirmation below)

NAME **BRUCE SEDLOCK**
 PHONE **6144604641**
 E-MAIL **BSEDLOCK@NISOURCE.COM**

FORM **1120**
 BARCODE **0000**

I affirm under penalties prescribed by law this report, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If this report is an amended report, the taxpayer here by consents to the extension of the assessment period for this tax year to one year from the date of filing of this amended report or three years from the filing of the original report, whichever period last expires, and agrees to retain all required records pertaining to that tax and tax period until the end of the extended assessment period, regardless of any statutory provision providing for a shorter period of retention. For purposes of this extension, an original report filed before the due date is deemed filed on the due date. I am authorized to execute this consent to the extension of the assessment period.

Corporate Officer Signature

Date

Bruce Sedlock

10-2-2011

1010011257

TAX ACCOUNT ID
 TAX YEAR END
RCT-101 PAGE 2 OF 6

12312011 NAME COLUMBIA GAS OF KENTUCKY I
PA CORPORATE TAX REPORT 2011

SECTION A: CS/FF

OLDEST PERIOD FIRST	TAX PERIOD BEGINNING	TAX PERIOD ENDING	BOOK INCOME			
YEAR 1	01012007	12312007	11521057	Investment in LLC	XX	N
YEAR 2	01012008	12312008	10417549	Holding Company	XX	N
YEAR 3	01012009	12312009	8166668	Family Farm	XX	N
YEAR 4	01012010	12312010	10672472			
YEAR 5						
YEAR 6						
YEAR 7						
CUR YR	01012011	12312011	10804539			



USE WHOLE DOLLARS ONLY

2. TOTAL BOOK INCOME (sum of income for all tax periods up to, but not over 5 years total)	2	51582285
3. DIVISOR (in years and in part years rounded to three decimal places) See instructions.	3	5.000
4. Divide Line 2 by Line 3.	4	10316457
5. AVERAGE BOOK INCOME - Enter Line 4, or if Line 4 is less than zero enter "0".	5	10316457
6. Divide Line 5 by 0.095.	6	108594284
7. Shareholders' equity at the END of the current period	7	90341578
8. Shareholders' equity at the BEGINNING of the current period	8	89397137
9. If Line 7 is more than twice as great or less than half as much as Line 8, add Lines 7 and 8 and divide by 2. Otherwise enter Line 7.	9	90341578
10. NET WORTH - Enter Line 9, or if Line 9 is less than zero enter "0".	10	90341578
11. Multiply Line 10 by 0.75.	11	67756184
12. Add Lines 6 and 11.	12	176350468
13. Divide Line 12 by 2.	13	88175234
14. Valuation deduction	14	-160000
15. CAPITAL STOCK VALUE - Line 13 less Line 14, but not less than "0". If 100% taxable, enter Line 15 on Line 17.	15	88015234
16. Proportion of taxable assets or apportionment proportion (from Schedule A-1, Line 5)	16	0.014149
17. TAXABLE VALUE - Multiply Line 15 by Line 16. If less than zero, enter "0".	17	1245328
18. CAPITAL STOCK/FOREIGN FRANCHISE TAX - Multiply Line 17 by <u>0.002890</u> .	18	3599

Total Beginning of
 Taxable Year Assets 330059633

Total End of Taxable
 Year Assets 303222909



1010011357

TAX ACCOUNT ID
 TAX YEAR END
RCT-101 PAGE 3 OF 6

12312011 NAME COLUMBIA GAS OF KENTUCKY I
PA CORPORATE TAX REPORT 2011

SECTION B: Bonus Depreciation

- 1. Current year fed. deprec. of 168k prop.
- 2. Current year adj. for disp. of 168k prop.
- 3. Other adjustments

(Attach schedule C-3 if claiming bonus depreciation.)

1660301
 81270
 0

Business Trust XX N
 Solicitation Only XX N
 Single-Member LLC XX N
 Multi-Member LLC XX N
 PA-S Corporation XX N
 Taxable Built-in Gains XX N



USE WHOLE DOLLARS ONLY

SECTION C: CORPORATE NET INCOME TAX

1. Income or loss from federal return on a separate company basis	1	-2479646
2. DEDUCTIONS:		
A. Corporate dividends received (from Schedule C-2, Line 6)	2A	0
B. Interest on U.S. securities (GROSS INT less EXPENSES)	2B	0
C. Curr yr. addtl. PA deprec. plus adjust. for sale (attached Schedule C-3)	2C	760281
D. Other (attached schedule) See instructions.	2D	0
TOTAL DEDUCTIONS - Sum of A through D	2	760281
3. ADDITIONS:		
A. Taxes Imposed on or measured by net income (attached schedule)	3A	654448
B. Tax preference items (attached copy of Federal Form 4626)	3B	0
C. Employment Incentive payment credit adjustment (attached Schedule W)	3C	0
D. Current year bonus depreciation (attached Schedule C-3)	3D	75942
E. Other (attached schedule) See instructions.	3E	0
TOTAL ADDITIONS - Sum of A through E	3	730390
4. Income or loss with Pennsylvania adjustments (Line 1 minus Line 2 plus Line 3)	4	-2509537
5. Total nonbusiness income or loss	5	0
6. Income or loss to be apportioned (Line 4 minus Line 5)	6	-2509537
7. Apportionment proportion (from Schedule C-1, Line 5)	7	0.031633
8. Income or loss apportioned to PA (Line 6 times Line 7)	8	-79384
9. Nonbusiness income or loss allocated to PA	9	0
10. Taxable income or loss after apportionment (Line 8 plus Line 9)	10	-79384
11. Total net operating loss deduction (from RCT-103)	11	0
12. PA taxable income or loss (Line 10 minus Line 11)	12	0
13. Corporate net income tax (Line 12 times 0.099900 ; If Line 12 is less than zero, enter "0")	13	0



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1010011457

TAX ACCOUNT ID [REDACTED]
 TAX YEAR END 12312011 NAME COLUMBIA GAS OF KENTUCKY I
RCT-101 PAGE 4 OF 6 PA CORPORATE TAX REPORT 2011

SECTION D: LOANS TAX

- 1. Foreign Corporations Only. Did this corporation have a fiscal officer resident in Pennsylvania? N
- 2. Did this corporation have indebtedness outstanding to individual residents and/or partnerships resident in Pennsylvania? N
- 3. Did this corporation have indebtedness outstanding held by a trustee, agent or guardian for a resident individual taxable in its own right or by an executor or administrator of an estate wherein the decedent was a resident of Pennsylvania? N



List outstanding indebtedness. Attach separate schedule if additional space is required.

Interest Amount	Interest Rate	Taxable Value	Taxable Indebtedness	
0	00.000	0	XX	0
0	00.000	0		
0	00.000	0	Loans Tax	XX 0

SCHEDULE A-1: Apportionment Schedule For Capital Stock/Foreign Franchise Tax (Include Form RCT-102, RCT-105 or RCT-106.)

Three Factor				Single Factor		
Property-PA	1A	2660169	1C	0.007727	Numerator	4A 0
Property-Total	1B	344288958			Denominator	4B 0
Payroll-PA	2A	0	2C	0.000000		
Payroll-Total	2B	9349387				
Sales-PA	3A	5188629	3C	0.034719	Apportionment Proportion	5 0.014149
Sales-Total	3B	149448164				

SCHEDULE C-1: Apportionment Schedule For Corporate Net Income Tax (Include Form RCT-106.)

Three Factor				Single Factor		
Property-PA	1A	2660169	1C	00.038635	Numerator	4A 0
Property-Total	1B	344288958			Denominator	4B 0
Payroll-PA	2A	0	2C	00.000000		
Payroll-Total	2B	9349387				
Sales-PA	3A	5188629	3C	03.124710	Apportionment Proportion	5 0.031633
Sales-Total	3B	149448164				



1010011557

TAX ACCOUNT ID [REDACTED]
TAX YEAR END 12312011 NAME COLUMBIA GAS OF KENTUCKY I
RCT-101 PAGE 5 OF 6 PA CORPORATE TAX REPORT 2011

SECTION E: CORPORATE STATUS CHANGES

Final Report XX N
PA Corporations:
Did you ever transact business anywhere? XX N If yes, enter date all business activity ceased XX
Did you hold assets anywhere? XX N If yes, enter date of final disposition of assets* XX
Foreign Corporations:
Did you ever transact business in PA? XX N If yes, enter date PA business activity ceased XX
Did you hold assets in PA? XX N If yes, enter date of final disposition of PA assets* XX



*Schedule of Disposition of Assets MUST be completed and filed with the PA Corporate Tax Report.

Has the corporation sold or transferred in bulk 51 percent or more of any class of assets? (See instructions) XX N
If yes, enter the following information. (Attach separate schedule if additional space is needed.)

Purchaser Name XX
Address Line 1 XX
Address Line 2 XX
City XX
State XX
ZIP XX

SECTION F: GENERAL INFORMATION QUESTIONNAIRE

Describe corporate activity in PA STORAGE OF NATURAL GAS
Describe corporate activity outside PA PUBLIC UTILITY - NATURAL GAS DISTRIBUTION
Other states in which taxpayer has activity KENTUCKY, NEW YORK, OHIO, WEST VIRGINIA

State of Incorporation XX KY Incorporation Date XX 10111905

- 1. Does any corporation, individual or other business entity hold all or a majority of the stock of this corporation? XX Y
- 2. Does this corporation own all or a majority of stock in other corporations? If yes, complete Schedule X. XX Y
- 3. Is this taxpayer a partnership that elects to file federal taxes as a corporation? XX N
- 4. Has the federal government changed taxable income as originally reported for any prior period for which reports of change have not been filed in PA? XX N

If yes: First Period End Date: XX Last Period End Date: XX

Accounting Method - Federal Tax Return

A A = Accrual C = Cash O = Other

Other

Accounting Method - Financial Statements

A A = Accrual C = Cash O = Other

Other

1010011657

TAX ACCOUNT ID
TAX YEAR END

12312011 NAME COLUMBIA GAS OF KENTUCKY I

RCT-101 PAGE 6 OF 6

PA CORPORATE TAX REPORT 2011

SCHEDULE OF REAL PROPERTY IN PA

(Attach separate schedule if additional space is needed.)

O = Own
R = Rent

Street Address

City

County

KOZ/KOEZ

XX
XX
XX
XX



CORPORATE OFFICERS
(See Instructions.)

SSN

Last Name

First Name

MI

	SSN	Last Name	First Name	MI
President/Managing Partner	XX	MILLER	HERBERT	A
Vice President	XX	VEURINK	JON	D
Secretary	XX	POTTORFF	GARY	W
Treasurer/Tax Manager	XX	VAJDA	DAVID	J

PREPARER'S INFORMATION

Mail to Preparer N

Firm Federal EIN

Firm Name

Address Line 1

Address Line 2

City

State

ZIP

I affirm under penalties prescribed by law this report, including any accompanying schedules and statements, has been prepared by me and to the best of my knowledge and belief is a true, correct and complete report.

Tax Preparer's Signature	Date
--------------------------	------

INDIVIDUAL PREPARER

PHONE
E-MAIL
PTIN/SSN

REV-788 CT (04-11) AR

pennsylvania
 DEPARTMENT OF REVENUE

SCHEDULE C-2 PA DIVIDEND DEDUCTION SCHEDULE

TAX YEAR BEGINNING 010111
 TAX YEAR ENDING 123111

CORPORATION NAME COLUMBIA GAS OF KEN TAX ACCOUNT ID 6464886

1	Federal Schedule C, Line (20), Total Deductions	1
2	Federal Schedule C, Line (15), Foreign Dividend Gross-Up (Section 78)	2
3	Dividends from less-than-20%-owned foreign corporations listed on Lines (13) and (14) of federal Schedule C x 70% - 0.70	3
4	Dividends from 20%-or-more-owned foreign corporations listed on Lines (13) and (14) of federal Schedule C x 80% - 0.80	4
5	Dividends listed on Lines (13) and (14) of federal Schedule C from foreign corporations that meet the "80% voting and value test" of IRC § 1504 (a) (2) and otherwise would qualify for 100% deduction under IRC § 243 (a) (3) if they were a domestic corporation. Do not list any amounts included in item 4.	5
6	Total PA Dividend Deduction - Add Lines 1, 2, 3, 4 and 5 Enter this amount at Section C, Line (2A) on RCT-101	6

SCHEDULE X

Taxpayers completing this schedule must provide beginning and ending balance sheets, reflecting the consolidated net worth of the taxpayer and all subsidiaries.

TAX YEAR BEGINNING 010111
 TAX YEAR ENDING 123111

CORPORATION NAME COLUMBIA GAS OF KEN TAX ACCOUNT ID [REDACTED]

Name	File In PA	Tax Account ID	EIN
CENTRAL KENTUCKY TRA		N/A	[REDACTED]

Name, SSN, EIN and/or Tax Account ID Number of any individual or business entity owning all or a majority of the stock of the taxpayer.

Name	SSN or EIN	Tax Account ID
COLUMBIA ENERGY GROUP	[REDACTED]	N/A

pennsylvania
 DEPARTMENT OF REVENUE

CORPORATION NAME COLUMBIA GAS OF KE TAX ACCOUNT ID [REDACTED]

TAX YEAR BEGINNING 010111
 TAX YEAR ENDING 123111

**SCHEDULE A-3
 ADJUSTMENTS TO NET INCOME PER BOOKS**

(See CT-1 booklet at www.revenue.state.pa.us for requirements to complete this schedule)

PART A

1. Net Income per Books from federal Schedule M-1 or federal Schedule M-3.	<u>10854264</u>	Reductions	
Additions		8. Income from subsidiary corporations included in Line 1	<u>49725</u>
2. Dividends from subsidiary corporations not included in Line 1		9. Income from Limited Liability Companies included in Line 1*	
3. Losses from subsidiary corporations deducted in arriving at Line 1		10. Distributions to Materially Participating Member of Limited Liability Companies**	
4. Losses from Limited Liability Companies deducted in arriving at Line 1*		11. Other (Itemize)	
5. Distributions from Limited Liability Companies not included in Line 1*			
6. Other (Itemize)			
		12. Total Lines 8 to 11	<u>49725</u>
		13. Revised Net Income per Books (Line 7 minus Line 12)	<u>10804539</u>
7. Total Lines 1 to 6	<u>10854264</u>		

* Any taxpayer making these adjustments must provide a copy of federal Schedule K-1, if the investee LLC files federal Form 1065, or a reconciliation of beginning and ending net worth of the investee LLC, if the investee LLC is a disregarded entity.

** This reduction may only be taken by LLCs and Business Trusts not taxed as corporations for federal income tax purposes. Taxpayers claiming this reduction must complete Part B below.

PART B

Name of Member _____	Current-Year Distribution _____	
SSN or EIN of Member _____	Less Current-Year Distribution included in Prior-Year Reduction _____	
How does member qualify as materially participating under IRC Section 469? _____ _____	Plus Current-Year Reduction distributed in subsequent year _____	
	Current-Year Reduction _____	
<hr/>		
Name of Member _____	Current-Year Distribution _____	
SSN or EIN of Member _____	Less Current-Year Distribution included in Prior-Year Reduction _____	
How does member qualify as materially participating under IRC Section 469? _____ _____	Plus Current-Year Reduction distributed in subsequent year _____	
	Current-Year Reduction _____	
<hr/>		
Name of Member _____	Current-Year Distribution _____	
SSN or EIN of Member _____	Less Current-Year Distribution included in Prior-Year Reduction _____	
How does member qualify as materially participating under IRC Section 469? _____ _____	Plus Current-Year Reduction distributed in subsequent year _____	
	Current-Year Reduction _____	
<hr/>		
Total Reduction from Supplemental Schedule (Attach additional schedule(s) if necessary)		_____
Total Reduction for Distributions to Materially Participating Members (carry to Part A - Line 10)		_____

pennsylvania

DEPARTMENT OF REVENUE

REV-860 CT (05-11) AR

TAX YEAR BEGINNING	010111
TAX YEAR ENDING	123111
CORPORATION NAME	COLUMBIA GAS OF KEN
TAX ACCOUNT ID	[REDACTED]

C-6 Schedule of Taxes

1. PA Corporate Net Income Tax	-5852	
2. Philadelphia Business Privilege Tax - Net Income Portion		
3. Income Taxes - Other States	660300	
4. Local Income Taxes		
5. Other Income Taxes		
6. Total Income Taxes (Total of Lines 1 to 5)		654448
7. PA Capital Stock/Foreign Franchise Tax	3628	
8. Philadelphia Business Privilege Tax - Gross Rec Portion		
9. Payroll Taxes	474542	
10. Real Estate Taxes	2171098	
11. Sales and Use Tax	14107	
12. Business Privilege Tax - Other than Income		
13. Occupancy Tax		
14. Local Taxes - Not Based on Income		
15. Other Taxes - Not Based on Income	8300	
16. Total Taxes Not Imposed on or Measured by Income (Total Lines 7 to 15)		2671675
17. Total Tax Expense Reported on Federal Income Tax Return (Total Lines 6 and 16)		3326123

Schedule OA - Other Additions

Description	Amount
Total	0

Schedule OD - Other Deductions

Description	Amount
Federal Wages Disallowed as a Result of Tax Credits Under IRC Sec 45B or IRC Sec 51	
Total	0

RCT-106 (04-11) AR
 INSERT SHEET
 FILE WITH FORM RCT-101
 Page 1

1060011101

pennsylvania
 DEPARTMENT OF REVENUE

TAX YEAR
 BEGINNING 010111
 TAX YEAR
 ENDING 123111

CORPORATION NAME COLUMBIA GAS OF KEN TAX ACCOUNT ID [REDACTED]

Schedules 1 and 2 of this Insert Sheet must be completed by Pennsylvania corporations claiming the exemption for tangible and intangible assets for capital stock tax purposes and foreign corporations electing to use the single-factor, exempt-asset fraction for foreign franchise tax purposes.

Tables 1, 2 and 3 of this Insert Sheet must be completed by all corporations apportioning taxable income and by foreign and Pennsylvania corporations using the three-factor formula to calculate the taxable value of capital stock.

A. AVERAGE TOTAL ASSETS (Carry to RCT-101, Schedule A-1, Line (4b)) \$ _____
 B. Less: AVERAGE EXEMPT ASSETS - Tangibles (From Schedule 1, below) \$ _____
 Intangibles (From Schedule 2, below) \$ _____
 Pollution Control Devices \$ _____ \$ _____
 (See Instructions)
 C. AVERAGE ASSETS TAXABLE IN PA (Carry to RCT-101, Schedule A-1, Line (4a)) \$ _____

D. PROPORTION OF TAXABLE ASSETS (calculate to six decimal places.) $\frac{\text{AVERAGE TAXABLE ASSETS}}{\text{AVERAGE TOTAL ASSETS}}$ = _____
 (Carry to RCT-101, Schedule A-1, Line (5))

EXEMPTION CLAIMED FOR TANGIBLE AND INTANGIBLE ASSETS (USE WHOLE DOLLARS ONLY)

SCHEDULE 1 EXEMPT TANGIBLE ASSETS (Attach additional schedule if necessary.)	Net Book Value - Beginning		Net Book Value - Ending		E Amount of Exemption Claimed for Average Value of Tangible Assets Located Outside of PA (Col. B + D) ÷ 2
	A Inside PA	B Outside PA	C Inside PA	D Outside PA	
1. Buildings					
2. Equipment and Fixtures					
3. Land					
4. Leasehold Improvements					
5. Motor Vehicles					
6. Rolling Stock and all other Movable Property					
7. Other Tangible Property (Attach Schedule)					
8. Inventories					
TOTALS					

NOTE: If there was a substantial change during the year, attach a detailed explanation.

SCHEDULE 2 EXEMPT INTANGIBLE ASSETS (Attach additional schedule if necessary.)	A Number of Shares or %	B Date Acquired	C Date Sold	D Held (Full Year or No. of Days)	E Book Value	F Exemption Claimed
1. Stocks of PA Corporations						
2. Stocks of Foreign Corporations (More than 50 percent owned)						
3. Student Loan Assets						
4. U.S. Securities						
5. Exempt State and Local Securities						
6. National Bank Shares						
7. TOTALS (For Exemption Purposes)						

1060011101

1060011201

TABLES SUPPORTING DETERMINATION OF APPORTIONMENT
 PERCENTAGE (USE WHOLE DOLLARS ONLY)

TAX PERIODS BEGINNING ON OR AFTER JAN. 1, 2010

Apportionment for:

Capital Stock/Foreign Franchise and Corporate Net Income Taxes Capital Stock/Foreign Franchise Tax Only Corporate Net Income Tax Only

CORPORATION NAME COLUMBIA GAS OF KEN TAX ACCOUNT ID. [REDACTED] TAX YEAR BEGINNING 010111 TAX YEAR ENDING 123111

TABLE 1 - PROPERTY FACTOR	Description	Inside PA		Inside and Outside PA	
		Beginning of Period	End of Period	Beginning of Period	End of Period
Tangible Property Owned (original cost value)					
Inventory		2509496	2810842	40004078	47889743
Buildings and Depreciable Assets				283117737	296023826
Land				4118210	4149002
Other Real and Tangible Personal Property				63643	63643
Partner's Share of Property Owned by Partnerships					
Less Construction in Progress (if included above)		()	()	()	()
Totals		2509496	2810842	327303670	348126214
Total Beginning and End of Period			5320338		675429884
Average Value (1/2 of Above)			2660169		337714942
Add: Corporate Tangible and/or Real Property Rented*					6574016
Partnership Tangible and/or Real Property Rented*					
Total Average Value		(A)	2660169	(B)	344288958

* Eight times net annual rental rate (Attach schedule.)
 (C) Property factor (Divide A by B; calculate to six decimal places.) 0.007727 Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 1A, 1B and 1C.
 (D) 5 times property factor (Divide A by B; calculate to six decimal places and multiply by 5.) 0.038635 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 1A, 1B and 1C.

TABLE 2 - PAYROLL FACTOR	Description	Inside PA	Inside and Outside PA
Wages, salaries, commissions and other compensation to employees in:			
Cost of goods sold			
Compensation of officers			
Salesman's salaries and commissions			
Other payroll			9349387
Partner's Share of Payroll from Partnerships			
Total Payroll		(A)	(B) 9349387

(C) Payroll factor (Divide A by B; calculate to six decimal places.) _____ Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 2A, 2B and 2C.
 (D) 5 times payroll factor (Divide A by B; calculate to six decimal places and multiply by 5.) _____ Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 2A, 2B and 2C.

TABLE 3 - SALES FACTOR	Description	Inside PA	Inside and Outside PA
Sales (net of returns and allowances)		5188629	147570885
Interest, Rents, Royalties			893256
Gross Receipts from the sale of other business assets (except securities), unless you are a securities dealer			16970
Other Sales (receipts only)			967053
Partner's Share of Sales from Partnerships			
Total Sales		(A) 5188629	(B) 149448164

(C) Sales factor (Divide A by B; calculate to six decimal places.) 0.034719 Carry (A), (B) and (C) over to RCT-101, Schedule A-1, as applicable, Lines 3A, 3B and 3C.
 (D) 90 times sales factor (Divide A by B; calculate to six decimal places and multiply by 90.) 3.124710 Carry (A), (B) and (D) over to RCT-101, Schedule C-1, Lines 3A, 3B and 3C.

Special Apportionment to be completed only by railroad, truck, bus and airline companies; pipeline or natural gas companies; and water transportation companies. Refer to instructions.

(A) NUMERATOR (A) _____ = • _____ (C)
 (B) DENOMINATOR (B)

Carry (A), (B) and (C) over to RCT-101, Schedules C-1 and/or A-1, as applicable, Lines 4A, 4B and 5.

1060011201

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN [REDACTED]
10/1/2012 4:39:54 PM

Statement 1
Form RCT-101, Page 3, Section C, Taxes imposed on or measured by net income

Row ID	Description	Jurisdiction	Type	Jurisdiction	Type	Tax/License	Amount
1	State Income Tax	KY	State	Income	Income		655,030
2	State Income Tax	NY	State	Income	Income		4,575
3	State Income Tax	WV	State	Income	Income		695
4	State Income Tax	PA	State	Income	Income		(5,852)
Total							654,448

Statement 2
Form REV-799CT, Schedule C-4, Bonus depreciation adjustment and recapture

Row ID	Year	Federal Accumulated Depr	Disallowed Bonus Depr	B-C	Additional PA Depr	Adjustment for Disposition
1	01/01/2001	174	76	98	42	34
2	01/01/2002	22,700	10,374	12,326	5,283	5,091
3	01/01/2003	101,425	41,756	59,669	25,572	16,184
4	01/01/2004	39,631	26,626	12,805	5,488	21,138
5	01/01/2008	21,390	16,856	4,534	1,943	14,913
6	01/01/2009	29,901	25,174	4,727	2,026	23,148
7	01/01/2010	854	478	76	33	745
8	01/01/2011	17	17			17
Total				94,235	40,387	81,270

BUREAU OF CORPORATION TAXES
PO BOX 280785
HARRISBURG PA 17126-8705

COLUMBIA GAS OF KENTUC
200 CIVIC CENTER DR
COLUMBUS OH 43215

NOTICE #:..... 01544434
DATE OF NOTICE:..... 04/02/2012
ACCOUNT ID:..... [REDACTED]
TAX YEAR END DATE:..... 12-11
PERIOD DUE DATE:..... 04/15/2012
ANNUAL EXTENSION:..... ***APPROVED***
LENGTH OF EXTENSION: 180 DAYS
DATE OF REQUBST:..... 03/12/2012

Dear Taxpayer,

Your application for an extension of time to file your corporate tax report is approved, per the details above.

If a 180-day extension is approved, a copy of federal Form 7004 must be filed with your annual tax return. Failure to include the federal Form 7004 may result in the imposition of penalties for late filing.

Please also include a copy of this notice with your annual report. If your tax report is prepared by a practitioner, please provide your practitioner with a copy of this notice.

Please remember that no extension of time is permitted for the payment of taxes. To minimize penalties and interest charges, please submit all tax reports and related payments by the designated due dates.

Thank you for your prompt attention.

Sincerely,

PA Department of Revenue
Bureau of Corporation Taxes

CT-2

New York State Department of Taxation and Finance
Corporation Tax Return Summary

2011

Payment enclosed

8.		
----	--	--

- 1 Return type
- 2a Employer ID number (EIN)
- 2b File number (FCC)
- 3 Period beginning date (mm-dd-yy)
- 4 Period ending date (mm-dd-yy)
- 5 Amended (Y=1; N=0)
- 6 Address change (Y=1; N=0)
- 7 Final (Y=1; N=0)
- 9 NAICS code
- 10 MTA indicator (None=0; Y=1; N=2; Both=3)
- 11a Type of bank - Clearinghouse (Y=1; N=0)
- 11b Type of bank - Savings (Y=1; N=0)
- 11c Type of bank - Other commercial (Y=1; N=0)
- 12 Federal 1120-H filed (Y=1; N=0)
- 13 REIT/RIC Indicator (Y=1; N=0)
- 14 QSSS indicator (Y=1; N=0)
- 15 Form ID number
- 16 Tax sub type
- 17 Tax due/MTA surcharge
- 18 Mandatory first installment (MFI) - no extension filed and tax due is over \$1,000
- 19 Return a Gift to Wildlife
- 20 Breast Cancer Research and Education Fund
- 21 Prostate Cancer Research, Detection, and Education Fund
- 22 9/11 Memorial
- 23 Volunteer Firefighting & EMS Recruitment Fund
- 24 Balance due
- 25 Amount of overpayment credited to next period - NYS
- 26 Refund of overpayment
- 27 Refund of unused tax credits
- 28 Tax credits to be credited as an overpayment to next year's return
- 29 Amount of overpayment credited to next period - MTA
- 30 Amount of MTA surcharge retaliatory tax credit to be refunded
- 31 Total license fee
- 32 Maintenance fee due
- 33 Fixed dollar minimum
- 34 (Combined) parent's EIN
- 35 New York receipts
- 36 Alternative entire net income (ENI) percentage
- 37 Computation of issuer's allocation percentage
- 38 Issuer's allocation percentage
- 39 Paid preparer's EIN

1.		CT3	
2a.		2b.	AA
3.	01 - 01	11	
4.	12 - 31	11	
		5.	0
		6.	0
		7.	0
		9.	221210
		10.	2
		11a.	
		11b.	
		11c.	
		12.	
		13.	
		14.	
15.	4190111120		
		16.	23
17.	1,989		00
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20.			
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23.			
24.			
25.	3,811		00
26.			
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		38.	
39.			

For office use only

Staple forms here

2011 CT-3

New York State Department of Taxation and Finance
**General Business Corporation
Franchise Tax Return**
Tax Law - Article 9-A

Form CT-3/4-1 before completing return.

All filers must enter tax periods

Final return Amended return beginning 01-01-11 ending 12-31-11

Employer identification number File number AA6 Business telephone number 614-460-4641
If you have any subsidiaries incorporated outside NYS, mark an X in the box If you claim an overpayment, mark an X in the box

Legal name of corporation Trade name/DBA
COLUMBIA GAS OF KENTUCKY INC State or country of incorp Date received (for Tax Dept use only)
Mailing name (if different from legal name above) KY
c/o Date of Incorporation 10-11-05
Number and st or PO box Foreign corporations: date began business in NYS
200 CIVIC CENTER DRIVE
City State ZIP code OH 43215
COLUMBUS

NAICS business code number (from federal return) 221210 If address/phone above is new, mark an X in the box
If you need to update your address or phone information for corporation tax, or other tax types, you can do so online. See Business Information in Form CT-1.
Audit (for Tax Dept use only)

Principal business activity

NATURAL GAS DISTRIBUTION

Metropolitan transportation business tax (MTA surcharge)

During the tax year did you do business, employ capital, own or lease property, or maintain an office in the Metropolitan Commuter Transportation District (MCTD)? If Yes, you must file Form CT-3M/4M. The MCTD includes counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Oakland, Suffolk, and Westchester. (mark an X in the appropriate box)

Yes No

A. Pay amount shown on line 93. Make payable to: New York State Corporation Tax
Attach your payment here. Detach all check stubs. (See instructions for details.) A. Payment enclosed

B. Federal return filed (you must mark an X in one): Attach a complete copy of your federal return.

Form 1120 Consolidated basis Form 1120-H Form 1120S Form 1120-REIT or Form 1120-RIC Other:

C. If you included a qualified subchapter S subsidiary (QSSS) in this return, mark an X in the box and attach Form CT-60-QSSS

D. Have you underreported your tax due on past returns? To correct this without penalty, visit our Web site (see Need help?).

E. Do you have an interest in, or have you rented, real property located in New York State? (mark an X in one box) Yes No

If Yes, enter the value of such property or rent

F. Has there been a transfer or acquisition of controlling interest in the entity during the last 3 years? (mark one box) Yes No

G. If you marked the Consolidated basis box in line B above, complete the following:

- Number of corporations included in the federal consolidated group
- Total consolidated federal taxable income (FTI) before the net operating loss deduction (NOLD)
- If substantially all of the voting stock of this corporation is owned or controlled, directly or indirectly, by another corporation, give the name and employer identification number (EIN) of that corporation below.

Legal name of corporation EIN

H. Do you have an interest in any partnerships? (mark an X in the appropriate box) Yes No

COLUMBIA GAS OF KENTUCKY INC

Computation of entire net income (ENI) base (see instructions)

1	FTI before net operating loss (NOL) and special deductions	● 1.	-2,479,646.
2	Interest on federal, state, municipal, and other obligations not included on line 1 (see instrs)	● 2.	
3	Interest paid to a corp stockholder owning more than 50% of issued and outstanding stock	● 3.	
4a	Interest deductions directly attributable to subsidiary capital	● 4a.	
4b	Noninterest deductions directly attributable to subsidiary capital	● 4b.	
5a	Interest deductions indirectly attributable to subsidiary capital	● 5a.	
5b	Noninterest deductions indirectly attributable to subsidiary capital	● 5b.	
6	New York State and other state and local taxes deducted on your federal return (see instrs)	● 6.	654,448.
7	Federal depreciation from Form CT-399, if applicable (see instructions)	● 7.	14,422,351.
8	Other additions (see instructions)		
	● IRC section 199 deduction:	● 8.	
9	Add lines 1 through 8	● 9.	12,597,153.
10	Income from subsidiary capital (from Form CT-3-ATT, line 26)	● 10.	
11	Fifty percent of dividends from nonsubsidiary corporations (see instr.)	● 11.	
12	Foreign dividends gross-up not included on lines 10 and 11	● 12.	
13	New York NOLD (attach federal and New York State computations)	● 13.	
14	Allowable New York State depr from Form CT-399, if applic (see instr.)	● 14.	4,295,077.
15	Other subtractions (see instr) S-13	● 15.	
16	Total subtractions (add lines 10 through 15)	● 16.	4,295,077.
17	ENI (subtract line 16 from line 9; show loss with a minus (-) sign; enter here and on line 42)	● 17.	8,302,076.
18	Investment Inc before allocation (from Form CT-3-ATT, ln 22, but not more than ln 17 above)	● 18.	
19	Business Income before allocation (subtract line 18 from line 17)	● 19.	8,302,076.
20	Allocated investment income (multiply line 18 by 0.0000 % from Form CT-3-ATT, line 6)	● 20.	
21	Allocated business income (multiply line 19 by 0.3374 % from line 119, 121, or 141)	● 21.	28,011.
22	Total allocated income (add lines 20 and 21)	● 22.	28,011.
23	Optional depreciation adjustments (attach Form CT-324; enter here and on line 69)	● 23.	
24	ENI base (line 22 plus or minus line 23)	● 24.	28,011.
25	ENI base tax (multiply line 24 by the appropriate rate from the Tax rates schedule on page 6 of Form CT-3/4-I; enter here and on line 72)	● 25.	1,989.

Computation of capital base (enter whole dollars for lines 26 through 31; see instructions)

		A	B	C
		Beginning of year	End of year	Average value
26	Total assets from federal return	330,059,633.	303,222,909.	316,641,271.
27	Real property and marketable securities included on line 26	12,050,298.	12,227,374.	12,138,836.
28	Subtract line 27 from line 26	318,009,335.	290,995,535.	304,502,435.
29	Real property and marketable securities at fair market value	8,362,088.	8,351,930.	8,357,009.
30	Adj total assets (add lns 28 and 29)	326,371,423.	299,347,465.	312,859,444.
31	Total liabilities	240,662,496.	212,881,331.	226,771,914.
32	Total capital (subtract line 31, column C, from line 30, column C)			86,087,530.
33	Subsidiary capital (from Form CT-3-ATT, line 26; if none, enter 0)			379,208.
34	Business and investment capital (subtract line 33 from line 32)			85,708,322.
35	Investment capital (from Form CT-3-ATT, line 7, column E; if none, enter 0)			0.
36	Business capital (subtract line 35 from line 34)			85,708,322.
37	Allocated investment capital (mult line 35 by % from Form CT-3-ATT, line 6)			
38	Allocated business capital (mult line 36 by 0.3374 % from line 119, 121, or 141)			289,180.
39	Capital base (add lines 37 and 38)			289,180.
40	Capital base tax (see instructions)			434.
41	Issuer's allocation percentage (see instructions)	0.3359	%	

COLUMBIA GAS OF KENTUCKY INC
Computation of minimum taxable income (MTI) base

42	ENI from line 17	42.	8,302,076.
Adjustments (see instructions)			
43	Depreciation of tangible property placed in service after 1986 (see instructions)	43.	439,724.
44	Amortization of mining exploration and development costs paid or incurred after 1986	44.	0.
45	Amortization of circulation expenditures paid or incurred after 1986 (personal holding companies only)	45.	0.
46	Basic adjustments in determining gain or loss from sale or exchange of property	46.	-241,508.
47	Long term contracts entered into after February 28, 1986	47.	0.
48	Installment sales of certain property	48.	0.
49	Merchant marine capital construction funds	49.	0.
50	Passive activity loss (closely held and personal service corporations only)	50.	0.
51	Add lines 42 through 50	51.	8,500,292.
Tax preference items (see instructions)			
52	Depletion	52.	0.
53	Appreciated property charitable deduction	53.	0.
54	Intangible drilling costs	54.	0.
55	Add lines 51 through 54	55.	8,500,292.
56	New York NOLD from line 13	56.	0.
57	Add lines 55 and 56	57.	8,500,292.
58	Alternative net operating loss deduction (ANOLD) (see instructions)	58.	0.
59	MTI (subtract line 58 from line 57)	59.	8,500,292.
60	Investment income before apportioned NOLD (add line 18 and Form CT-3-ATT, line 21)	60.	0.
61	Investment income not included in ENI but included in MTI	61.	0.
62	Investment income before apportioned ANOLD (add lines 60 and 61)	62.	0.
63	Apportioned New York ANOLD (see instructions)	63.	0.
64	Alternative investment income before allocation (subtract line 63 from line 62)	64.	0.
65	Alternative business income before allocation (subtract line 64 from line 59)	65.	8,500,292.
66	Allocated alternative business income (multiply line 65 by 0.3374 % from line 110, 121, or 161)	66.	28,680.
67	Allocated alternative investment income (multiply line 64 by % from Form CT-3-ATT, line 6)	67.	0.
68	Allocated MTI (add lines 66 and 67)	68.	28,680.
69	Optional depreciation adjustments from line 23	69.	0.
70	MTI base (line 68 plus or minus line 69)	70.	28,680.
71	Tax on MTI base (multiply line 70 by 1.5% (.015))	71.	430.

(continued)

COLUMBIA GAS OF KENTUCKY INC
Computation of tax

72 Tax on ENI base from line 25	• 72.	1,989.
73 Tax on capital base from line 40 (see instructions)		
New small business: First year • Second year •	• 73.	434.

You must enter an amount on line 74a, below; if none, enter 0.

74a New York receipts (see instructions)	• 74a.	501,139.
74b Fixed dollar minimum tax (see instructions)	• 74b.	500.
75 Amount from line 71, 72, 73, or 74b, whichever is largest (see instructions for exception)	• 75.	1,989.
76 Subsidiary capital base from Form CT-3-ATT, line 31	• 76.	
77 Subsidiary capital base tax from Form CT-3-ATT, line 32	• 77.	
78 Tax due before credits (add lines 75 and 77)	• 78.	1,989.
79 Tax credits (see instructions)	• 79.	
80 Balance (subtract line 79 from line 78; if line 79 is more than line 78, enter 0)	• 80.	1,989.
81 Amount from line 71 or 74b, whichever is larger	• 81.	500.
82 Tax due (see instructions)	■ 82.	1,989.

First installment of estimated tax for next period:

83a If you filed a request for extension, enter amount from Form CT-5, line 2	• 83a.	1,050.
83b If you did not file Form CT-5 and line 82 is over \$1,000, see instructions	■ 83b.	
84 Add line 82 and line 83a or 83b	• 84.	3,039.
85 Total prepayments from line 106	• 85.	6,850.
86 Balance (subtract line 85 from line 84; if line 85 is more than line 84, enter 0)	• 86.	0.
87 Estimated tax penalty (see instructions; mark an X in the box if Form CT-222 is attached)	• 87.	0.
88 Interest on late payment (see instructions)	• 88.	
89 Late filing and late payment penalties (see instructions)	• 89.	
90 Balance (add lines 86 through 89)	• 90.	

Voluntary gifts/contributions(see instructions):

91a Amount for Return a Gift to Wildlife	■ 91a.	
91b Amount for Breast Cancer Research and Education Fund	■ 91b.	
91c Amount for Prostate Cancer Research, Detection, and Education Fund	■ 91c.	
91d Amount for 9/11 Memorial	■ 91d.	
91e Amount for Volunteer Firefighting & EMS Recruitment Fund	■ 91e.	
92 Total (add lines 84, 87, 88, 89, and 91a through 91e)	• 92.	3,039.
93 Balance due (if line 85 is less than line 92, subtract line 85 from line 92 and enter here. This is the amount due; enter the payment amount on line A on page 1)	■ 93.	
94 Overpayment (if line 85 is more than line 92, subtract line 92 from line 85. This is your overpayment; enter here and see instructions)	• 94.	3,811.
95 Amount of overpayment to be credited to next period	■ 95.	3,811.
96 Balance of overpayment (subtract line 95 from line 94)	• 96.	
97 Amount of overpayment to be credited to Form CT-3M/4M	• 97.	
98 Refund of overpayment (subtract line 97 from line 96)	■ 98.	
99 a Refund of unused tax credits (see instructions and attach appropriate forms)	■ 99a.	
99 b Tax credits to be credited as an overpayment to next year's return (see instructions and attach appropriate forms)	■ 99b.	0.

(continued)

COLUMBIA GAS OF KENTUCKY INC
Summary of credits claimed on line 79 against current year's franchise tax (see Instrs for lines 79, 99a, 99b, 100a, and 100b)

Form CT-38, line 28 ●	Form CT-248 ●	Form CT-611 ●
Form CT-40 ●	Form CT-249 ●	Form CT-611.1 ●
Form CT-41 ●	Form CT-250 ●	Form CT-612 ●
Form CT-43 ●	Form CT-259 ●	Form CT-613 ●
Form CT-44 ●	Form CT-261 ●	Form CT-631 ●
Form CT-46 ●	Form CT-601 ●	Servicing mortgages credit ●
Form CT-47 ●	Form CT-601.1 ●	Form DTF-619 ●
Form CT-238 ●	Form CT-602 ●	Form DTF-621 ●
Form CT-239 ●	Form CT-603 ●	Form DTF-622 ●
Form CT-241 ●	Form CT-604 ●	Form DTF-624 ●
Form CT-242 ●	Form CT-605 ●	Form DTF-630 ●
Form CT-243 ●	Form CT-606 ●	Other credits ●
Form CT-246 ●	Form CT-607 ●	

If you claimed the QEZE tax reduction credit and you had a 100% zone allocation factor, mark an X in the box

100a Total tax credits claimed above (enter here and on line 79; attach form or siml for each tax credit claimed) ● 100a.
 100b Total tax credits above that are refund eligible (see instructions) ● 100b. 0.

Composition of prepayments on line 85 (see instructions)

		Date paid	Amount
101	Mandatory first installment	101. 03-15-11	1,700.
102a	Second installment from Form CT-400	102a. 06-15-11	1,000.
102b	Third installment from Form CT-400	102b. 09-15-11	4,150.
102c	Fourth installment from Form CT-400	102c.	
103	Payment with extension request from Form CT-5, line 5	103.	
104	Overpayment credited from prior years	Period 104.	
105	Overpayment credited from Form CT-3M/4M	Period 105.	
106	Total prepayments (add lines 101 through 105; enter here and on line 85)	106.	6,850.

107 If you are a member of an affiliated federal group, enter primary corporation name and EIN:

Name
 ● Nisource, Inc. ● EIN [REDACTED]

If you are more than 50% owned by another corporation, enter parent corporation name and EIN:

Name
 ● Columbia Energy Group ● EIN [REDACTED]

Page 6 of 8 CT-3 (2011)

COLUMBIA GAS OF KENTUCKY INC
Interest paid to shareholders

108 Did this corporation make any payments treated as interest in the computation of EBITDA to shareholders owning directly or indirectly, individually or in the aggregate, more than 50% of the corporation's issued and outstanding capital stock? (mark an X in the appropriate box) If Yes, complete the following and line 109 (attach additional sheets if necessary) 108. Yes No X

Shareholder's name SSN or EIN

Interest paid to shareholder	Total indebtedness to shareholder described above	Total interest paid
------------------------------	---	---------------------

109 Is there written evidence of the indebtedness? (mark an X in the appropriate box) 109. Yes No

110 Interest deducted in computing EBITDA on line 1 of this form * 110. 4,810,594.

111 If the Internal Revenue Service (IRS) has completed an audit of any of your returns within the last five years, list years 111. 2005-2007

Schedule A, Part 1 - Computation of business allocation percentage for aviation corporations

	A New York State	B Everywhere	
112a Revenue aircraft arrivals and departures	• 112a.	•	
112b Adjustment per Tax Law, Article 9-A, section 210.3(a)(7)(A)	112b.	.80	
112c Adjusted NYS revenue aircraft arrivals and departures (multiply line 112a, column A, by line 112b)	• 112c.		
113 New York State percentage (divide line 112c by line 112a, column B)		• 113.	%
114a Revenue tons handled	• 114a.	•	
114b Adjustment per Tax Law section 210.3(a)(7)(A)	114b.	.60	
114c Adjusted NYS revenue tons handled (multiply line 114a, column A, by line 114b)	• 114c.		
115 New York State percentage (divide line 114c by line 114a, column B)		• 115.	%
116a Originating revenue	• 116a.	•	
116b Adjustment per Tax Law section 210.3(a)(7)(A)	116b.	.60	
116c Adjusted NYS originating revenue (multiply line 116a, column A, by line 116b)	• 116c.		
117 New York State percentage (divide line 116c by line 116a, column B)		• 117.	%
118 Total (add lines 113, 115, and 117)		118.	%
119 New York business allocation percentage (divide line 118 by three; use to compute lines 21, 38, and 66, and Form CT-38, line 6)		• 119.	%

Schedule A, Part 2 - Computation of business allocation percentage for trucking and railroad corporations

	A New York State	B Everywhere	
120 Revenue miles	• 120.	•	
121 New York State business allocation percentage (divide line 120, column A, by line 120, column B; use to compute lines 21, 38, and 66, and Form CT-38, line 6)		• 121.	%

COLUMBIA GAS OF KENTUCKY INC

Schedule A, Part 3 - Computation of business allocation percentage (see Instructions)

Number of New York State employees

Wages paid to New York State employees (see line 138 instructions)

Are you principally engaged in the activity of an air freight forwarder acting as principal or like indirect air carrier, or are you a qualified foreign air carrier? (mark an in the appropriate box) Yes No

If No, complete only lines 129 through 136 and enter on line 141 the receipts factor computed on line 136. The receipts factor is the business allocation percentage.

	A New York State	B Everywhere	
Average value of property (see instructions)			
122 Real estate owned	122.		
123 Real estate rented	123.		
124 Inventories owned	124.		
125 Tangible personal property owned	125.		
126 Tangible personal property rented	126.		
127 Total (add lines 122 through 126)	127.		
128 New York State property factor (divide line 127, column A, by line 127, column B)		128.	%
Receipts in the regular course of business from:			
129 Sales of tangible personal property allocated to New York State	501,139.		
130 All sales of tangible personal property	130.	147,570,885.	
131 Services performed	131.		
132 Rentals of property	132.		
133 Royalties	133.		
134 Other business receipts	134.	967,053.	
135 Total (add lines 129 through 134)	501,139.	148,537,938.	
136 New York State receipts factor (divide line 135, column A, by line 135, column B)		136. 0.3374	%
137 New York State additional receipts factor (see instructions)		137.	%
Payroll			
138 Wages and other compensation of employees, except general executive officers	138.		
139 New York State payroll factor (divide line 138, column A, by line 138, column B)		139.	%
140 Total New York State factors (add lines 128, 136, 137, and 139)		140.	%
141 New York State business allocation percentage (see instructions)		141. 0.3374	%

Schedule A, Part 4 - Computation of alternative business allocation percentage for MTI base (see Instructions)

If you are not an air freight forwarder acting as principal or like indirect air carrier, or a qualified foreign air carrier, complete only lines 149 through 156 and enter on line 161 the receipts factor computed on line 156. The receipts factor is the alternative business allocation percentage.

	A -- New York State	B -- Everywhere	
Average value of property (see instructions)			
142 Real estate owned	142.		
143 Real estate rented	143.		
144 Inventories owned	144.		
145 Tangible personal property owned	145.		
146 Tangible personal property rented	146.		
147 Total (add lines 142 through 146)	147.		
148 New York State property factor (divide line 147, column A, by line 147, column B)		148.	%

Page 8 of 8 CT-3 (2011) COLUMBIA GAS OF KENTUCKY INC

Receipts in the regular course of business from:

149	Sales of tangible personal property allocated to New York State	149.	501,139.		
150	All sales of tangible personal property	150.		147,570,885.	
151	Services performed	151.			
152	Rentals of property	152.			
153	Royalties	153.			
154	Other business receipts	154.		967,053.	
155	Total (add lines 149 through 154)	155.	501,139.	148,537,938.	
158	New York State receipts factor (divide line 155, column A, by line 155, column B)	158.		0.3374	%
157	New York State additional receipts factor (see instructions)	157.			%

Payroll

158	Wages and other compensation of employees, except general executive officers	158.			
159	New York State payroll factor (divide line 158, column A, by line 158, column B)	159.			%
160	Total New York State factors (add lines 148, 156, 157, and 159)	160.			%
161	Alternative business allocation percentage (see instructions)	161.		0.3374	%
162	Are you claiming small business taxpayer status for lower ENI tax rates? (see Small business taxpayer definition on page 15 of Form CT-3/4-I; mark an X in the appropriate box)	162.	Yes	No	X
163	If you marked Yes on line 162, enter total capital contributions (see worksheet in instructions)	163.			
164	Are you claiming qualified NY manufacturer status for lower capital base tax limitation? (see instructions; mark an X in the appropriate box)	164.	Yes	No	X
165	Are you claiming qualified New York manufacturer status for lower ENI tax rates? (see instructions; mark an X in the appropriate box)	165.	Yes	No	X

Amended return information

If filing an amended return, mark an X in the box for any items that apply and attach documentation.

Final federal determination	<input type="checkbox"/>	If marked, enter date of determination:	<input type="checkbox"/>
Net operating loss (NOL) carryback	<input type="checkbox"/>	Capital loss carryback	<input type="checkbox"/>
Federal return filed Form 1139	<input type="checkbox"/>	Form 1120X	<input type="checkbox"/>

Net operating loss (NOL) information

New York State NOL carryover total available for use this tax year from all prior tax years	<input type="checkbox"/>
Federal NOL carryover total available for use this tax year from all prior tax years	<input type="checkbox"/>
New York State NOL carryforward total for future tax years	<input type="checkbox"/>
Federal NOL carryforward total for future tax years	<input type="checkbox"/>

Corporations organized outside New York State: Complete the following for capital stock issued and outstanding.

Number of par shares	Value	Number of no-par shares	Value
954,248	\$	23,806,202	\$

Third-party designee (see instructions)	Yes	No <input checked="" type="checkbox"/>	Designee's name (print)	Designee's phone number
	Designee's e-mail address			PIN

Certification: I certify that this return and any attachments are to the best of my knowledge and belief true, correct, and complete.

Authorized person	Printed name of authorized person	Signature of authorized person	Official title
	Bruce Sedlock	<i>Bruce Sedlock</i>	Vice President Tax Ser
E-mail add. of auth. person	BSEDLOCK@NISOURCE.COM		Telephone number
			614-460-4641
Paid preparer use only (p. Instr.)	Firm's name (or yours if self-employed)	Firm's EIN	Preparer's PTIN or SSN
	Signature of individual preparing this return	Address	City
			State ZIP code
	E-mail address of individual preparing this return	Preparer's NYTPRIN	Date

See instructions for where to file.

2011

CT-3-ATT

Staple forms here
New York State Department of Taxation and Finance

Schedules B, C, and D - Attachment to Form CT-3

General Business Corporation Franchise Tax Return

Legal name of corporation

Employer identification number (EIN)

COLUMBIA GAS OF KENTUCKY INC

Attach to Form CT-3, General Business Corporation Franchise Tax Return.

Schedule B, Part I - Computation of investment capital and investment allocation percentage

Attach separate sheets if necessary, displaying this information formatted as below.

Section 1 - Corporate and governmental debt instruments

Description of investment (Identify each debt instrument and its date of maturity here; for each debt instrument complete cols C through G on the corresponding lines below)

Item A - Debt instrument B - Maturity date

Item	C Average value	D Liabilities directly or indirectly attributable to investment capital	E Net average value (column C - column D)	F Issuer's allocation %	G Value allocated to New York State (column E x column F)
A					
B					

Amounts from attached list

Totals of Section 1
1.

Section 2 - Corporate stock, stock rights, stock warrants, and stock options

Description of investment (Identify each investment and enter number of shares here; for each investment complete columns C through G on the corresponding lines below)

Item A - Investment B - Number of shares

Item	C Average value	D Liabilities directly or indirectly attributable to investment capital	E Net average value (column C - column D)	F Issuer's allocation %	G Value allocated to New York State (column E x column F)
A					
B					

Amounts from attached list

Totals of Section 2
2.

Totals of Section 1 (from line 1)

3.

Totals (add lines 2 and 3 in columns C, D, E, and G)

4.

5 Investment allocation percentage without the addition of cash (divide line 4, column G, by line 4, column E).

Use to compute Form CT-3, lines 20, 37, and 67; and Form CT-38, line 7

6. %

Cash (optional)

8.

Investment capital (add lines 4 and 6 in cols C, D, and E). Enter column E total on Form CT-3, line 35

7.

COLUMBIA GAS OF KENTUCKY INC

Schedule B, Part 2 - Computation of investment income before allocation (see instructions)

8	Interest income from investment capital in Part I, Section I	• 8.	
9	Interest income from bank accounts (if line 8 is zero, enter 0 here)	• 9.	0.
10	All other interest income from investment capital	• 10.	
11	Dividend income from investment capital	• 11.	
12	Net capital gain or loss from investment capital	• 12.	
13	Investment income other than interest, dividends, capital gains, or capital losses	• 13.	
14	Total investment income (add lines 8 through 13)	• 14.	
15	Interest deductions directly attributable to investment capital	• 15.	
16	Noninterest deductions directly attributable to investment capital	• 16.	
17	Interest deductions indirectly attributable to investment capital	• 17.	
18	Noninterest deductions indirectly attributable to investment capital	• 18.	
19	Total deductions (add lines 15 through 18)	• 19.	
20	Balance (subtract line 19 from line 14)	• 20.	
21	Apportioned New York net operating loss deduction (NOLD)	• 21.	
22	Investment income before allocation (subtract line 21 from line 20; enter here and on Form CT-3, line 10)	• 22.	

Schedule C, Part 1 - Income from subsidiary capital

23	Interest from subsidiary capital (attach list)	• 23.
24	Dividends from subsidiary capital (attach list)	• 24.
25	Capital gains from subsidiary capital (see instructions; attach list)	• 25.
26	Total (add lines 23 through 25; enter here and on Form CT-3, line 10)	• 26.

Schedule C, Part 2 - Computation and allocation of subsidiary capital base and tax

Include all corporations, except a DISC, in which you own more than 50% of the voting stock. Attach separate sheets if necessary, displaying this information formatted as below.

Description of subsidiary capital (list the name of each corporation and the EIN here; for each corp complete columns B through G on the corresponding lines below)

Item	Name	EIN					
A	Central Kentucky Transmission Company	[REDACTED]					
B							
C							
Item	A	B	C	D	E	F	G
	% of voting stock owned	Average value	Liabilities directly or indirectly attributable to subsidiary capital	Net average value (column C - column D)	Issuer's allocation %	Value allocated to New York State (column E x column F)	

A	100.000	379,208.		379,208.		
B						
C						

Amounts from attached list

27 Totals (add amounts in columns C and D)

• 27. 379,208. •

28 Total net average value of subsidiary capital (add amounts in column E; enter here and on Form CT-3, line 33)

• 28. 379,208.

29 Subsidiary capital base before deduction (add amounts in column G)

• 29.

30 Value of subsidiary capital included in column G of subsidiaries taxable under Tax Law Article 32; Article 33; or Article 9, section 188

• 30.

31 Subsidiary capital base (subtract line 30 from line 29; enter here and on Form CT-3, line 76)

• 31.

? Subsidiary capital base tax (multiply line 31 by .0009; enter here, on Form CT-3, line 77, and on Form CT-38, line 25)

• 32.

COLUMBIA GAS OF KENTUCKY INC

Qualified public utilities: use Schedule D, Part 1 to compute the adjustment for entire net income (ENI).
Transferees: use lines 40, 41, and 43 only to compute the adjustment for ENI.

Schedule D, Part 1 - Adjustments for qualified public utilities and transferees

Other additions

- 33 Federal depreciation deduction for transition property (see instructions) ● 33.
- 34 Federal loss on the sale of transition property (see instructions) ● 34.
- 35 New York gain on the sale of transition property (see instructions) ● 35.
- 36 Add lines 33, 34, and 35 (enter here and include on Form CT-3, line 8) ● 36.

Other subtractions

- 37 New York depreciation deduction for transition property (see instructions) ● 37.
- 38 New York loss on the sale of transition property (see instructions) ● 38.
- 39 Federal gain on the sale of transition property (see instructions) ● 39.
- 40 Transition property basis adjustment carryover to gain transactions ● 40.
- 41 Transition property basis adjustment carryover to loss transactions ● 41.
- 42 New York regulatory asset deduction ● 42.
- 43 Add lines 37 through 42 (enter here and include on Form CT-3, line 15) ● 43.

Qualified power producers or qualified pipeline corporations: use Schedule D, Part 2 if you claim a depreciation deduction on transition property for federal income tax purposes.

Schedule D, Part 2 - Adjustments for qualified power producers and qualified pipeline corporations

Other additions

- 44 Federal depreciation deduction for transition property (see instructions; enter here and include on Form CT-3, line 8) ● 44.

Other subtractions

- 45 New York depreciation deduction for transition property (see instructions; enter here and include on Form CT-3, line 15) ● 45.

Staple forms here

New York State Department of Taxation and Finance

2011 CT-399

Depreciation Adjustment Schedule

Tax Law - Articles 9-A, 32, and 33

Legal name of corporation COLUMBIA GAS OF KENTUCKY INC	Employer identification number [REDACTED]
--	---

Part 1 - Computation of New York State depreciation modifications when computing entire net income (ENI)
 List only depreciable property that requires or is entitled to a depreciation modification when computing ENI (see Form CT-399-I, Instructions for Form CT-399).

Section A - ACRS/MACRS property (attach separate sheets if necessary, displaying this information formatted as below; see instructions)

A - Description of property (Identify each item of property here; for each item of property complete cols B through I on the corresponding lines below)

Item	Property
A	
B	
C	
D	
E	
F	
G	
H	
I	
J	
K	
L	
M	
N	
O	
P	
Q	

Item	B Date placed in service (mm-dd-yy)	C Cost or other basis	D Accumulated federal ACRS/MACRS depreciation	E Federal ACRS/MACRS depreciation deduction	F Method of figuring NYS depreciation	G Life or rate	H Accumulated NYS depreciation	I Allowable NYS depreciation
A								
B								
C								
D								
E								
F								
G								
H								
I								
J								
K								
L								
M								
N								
O								
P								
Q								
Amounts from attached list, if any								
1 Totals of Section A 1.								

COLUMBIA GAS OF KENTUCKY INC

Section B - 30%/50%/100% federal special depreciation property (attach separate sheets if necessary, displaying this information formatted as below: see instructions)

A - Description of property (Identify each item of property here; for each item of property complete cols B through I on the corresponding lines below)

Item	See Stmt 2	Property						
A								
B								
C								
D								
E								
F								
G								
H								
I								
J								
K								
L								
M								
A	B	C	D	E	F	G	H	I
Item	Date placed in service (mm-dd-yy)	Cost or other basis	Accumulated federal depreciation	Federal depreciation deduction	Method of figuring NYS depreciation	Life or rate	Accumulated NYS depreciation	Allowable NYS depreciation
A								
B								
C								
D								
E								
F								
G								
H								
I								
J								
K								
L								
M								
Amounts from attached list, if any		57,590,520.	23,332,620.	14,422,351.			10,514,153.	4,236,513.
2	Totals of Section B 2.	57,590,520.	23,332,620.	14,422,351.			10,514,153.	4,236,513.
3	Add lines 1 and 2 in columns C, D, E, H, and I 3.	57,590,520.	23,332,620.	14,422,351.			10,514,153.	4,236,513.

If you have not disposed of any ACRS/MACRS property placed in service in tax years beginning before 1994, and you have not disposed of qualified property for which you claimed a 30%/50%/100% federal special depreciation deduction (in a tax year beginning after December 31, 2002, for property placed in service on or after June 1, 2003), enter the total of column E as an addback to federal taxable income (FTI) and the total of column I as a deduction from FTI on the appropriate lines of your corporation franchise tax return (see instructions).

If you have disposed of any property listed on this form in a prior year, complete Parts 2 and 3.

If you file Form CT-3, CT-3-A, or CT-4, use Part 4 to determine your depreciation adjustment used to compute your minimum taxable income base.

COLUMBIA GAS OF KENTUCKY INC

Part 2 - Disposition adjustments (attach separate sheets if necessary, displaying this information formatted as below; see instructions)

- For each item of property listed below, determine the difference between the total federal depreciation deduction, including a 30%/50%/100% federal special depreciation deduction, and the total New York State depreciation used in the computation of federal and New York State taxable income in prior and current years.
- If the federal depreciation deduction is larger than the New York State depreciation deduction, subtract column D from column C and enter the result in column E.
- If the New York State depreciation deduction is larger than the federal depreciation deduction, subtract column C from column D and enter the result in column F.

A - Description of property (Identify each item of property here; for each item of property complete cols B through F on the corresponding lines below)

Item	Property
A	Public Utility
B	Public utility
C	Public Utility
D	Public Utility
E	Public Utility
F	Public Utility
G	
H	

A Item	B Date placed in service (mm-dd-yy)	C Total federal depreciation deduction taken	D Total New York State depreciation taken	E Adjustment (if C is larger than D, column C - column D)	F Adjustment (if D is larger than C, column D - column C)
A	06-01-03	26,997.	17,128.	9,869.	
B	06-01-04	39,430.	23,980.	15,450.	
C	06-01-08	21,390.	9,068.	12,322.	
D	06-01-09	29,900.	9,453.	20,447.	
E	06-01-10	854.	395.	459.	
F	06-01-11	17.		17.	
G					
H					

Amounts from attached list, if any.					
4 Total excess federal depreciation deductions over New York State depreciation deductions (add column E amounts)	4.			58,564.	
5 Total excess New York State depreciation deductions over federal depreciation deductions (add column F amounts)			5.		

Part 3 - Summary of adjustments to ENI		A Federal	B New York State
6 Enter amount from line 3, column E	6.	14,422,351.	
7 Enter amount from line 3, column I	7.		4,236,513.
8 Enter amount from line 4	8.		58,564.
9 Enter amount from line 5	9.		
10 Add amounts in column A and column B	10.	14,422,351.	4,295,077.

If you file Form: Enter the amount from line 10, column A, on: Enter the amount from line 10, column B, on:

CT-3 or CT-3-A	line 7	line 14
CT-4	line 5	line 8
CT-32	line 28	line 39
CT-32-A	line 30	line 39
CT-33	line 70	line 78
CT-33-A	line 73	line 82

COLUMBIA GAS OF KENTUCKY INC

Part 4 - Minimum taxable income base depreciation adjustments - Article 9-A only

Only list below the properties entered in Part 1, Section A, that were placed in service after 1986. Do not include qualified property for which a 30%/50%/100% federal special depreciation deduction was claimed in Part 1, Section B. Attach separate sheets if necessary, displaying this information formatted as below.

A- Description of property (Identify each item of property here; for each item of property complete cols B through E on the corresponding lines below)

Item	Property			
A				
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
N				
O				

A Item	B Date placed in service (mm-dd-yy)	C Cost or other basis	D Federal depreciation deduction	E Alternative depreciation system
A				
B				
C				
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
N				
O				

Amounts from attached list, if any

11	Total columns D and E	11.	
12	If column D total is more than column E total, enter the excess	12.	
13	If column E total is more than column D total, enter the excess	13.	
14	Enter amount from federal Form 4626, line 2a, depreciation of post-1986 property (see instructions)	14.	439,724.
15	If there is an excess on line 12, subtract line 12 from line 14	15.	
16	If there is an excess on line 13, add lines 13 and 14.	16.	

Enter amount from line 15 or line 16 on Form CT-4, line 22; or Form CT-3 or CT-3-A, line 43.

Attach this form and a copy of federal Form 4562 to your New York State corporation franchise tax return.

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN [REDACTED] 9/17/2012 11:55:18 AM

Statement: 1 Form CT-3, Page 2, Taxes Addback

Row ID	Description	Jurisdiction	Type	Tax/License	Type	Amount
1	State Income Tax	KY	State	Income	Income	655,030
2	State Income Tax	NY	State	Income	Income	4,575
3	State Income Tax	WV	State	Income	Income	695
4	State Income Tax	PA	State	Income	Income	(5,852)
Total						654,448

Statement: 2 Form CT-399, Page 2, Part I, Section B, 30%/50% Federal special depreciation property

Row ID	Description of Property	Date placed in service	Cost Basis	Accum Fed Depreciation	Fed Special Deprec Method	NYs Dept Method
1	Twenty Yr MACRS Property	06/01/2003	4,055,114	2,376,623	71,559	703
2	Computer Software	01/01/2004	80,147	80,148	S/L	S/L
3	Five Yr MACRS Property	01/01/2004	45,359	45,360	338	338
4	Twenty Yr MACRS Property	01/01/2004	478,842	469,136	10,706	108
5	Twenty Yr MACRS Property	01/01/2004	7,439,866	4,289,042	147,991	108
6	Computer Software	01/01/2008	154,744	141,848	12,896	S/L
7	Fifteen Yr MACRS Property	01/01/2008	10,761,789	6,641,929	414,708	108
8	Computer Software	01/01/2009	478,523	359,643	79,970	S/L
9	Fifteen Yr MACRS Property	01/01/2010	12,065,394	8,336,461	516,871	108
10	Computer Software	01/01/2010	705,971	664	390	S/L
11	Fifteen Yr MACRS Property	01/01/2011	8,297,558	2,041,866	184,712	108
12	Computer Software	01/01/2011	385,865	377,478	S/L	S/L
13	Five Yr MACRS Property	01/01/2011	507,805	507,805	507,805	108
14	Seven Yr MACRS Property	01/01/2011	11,964	11,964	11,964	108
15	Twenty Yr MACRS Property	01/01/2011	12,125,890	12,086,543	12,086,543	108
Total						14,427,351

Row ID	Yrs of MACRS	Accumulated NYs Dept	Allowable NYs Dept
1	20 Yr	1,805,921	161,742
2	3 Yr	80,147	
3	5 Yr	65,359	
4	7 Yr	458,490	21,813
5	20 Yr	2,975,027	397,856
6	3 Yr	126,953	25,791
7	15 Yr	2,486,261	828,416
8	3 Yr	239,762	159,839
9	15 Yr	1,756,782	1,039,744
10	3 Yr	118,331	236,655
11	15 Yr	813,080	786,490
12	3 Yr	34,312	34,312
13	5 Yr	101,561	101,561
14	7 Yr	1,581	1,581
15	20 Yr	454,743	454,743
Total			4,236,513

720
41A720



004668

Kentucky Corporation/LLET Account Number

**KENTUCKY CORPORATION
INCOME TAX AND LLET RETURN 2011**

Department of Revenue

See instructions.

Taxable period beginning **January 01, 2011** and ending **December 31, 2011**

B Check applicable box(es): LLET Receipts Method <input checked="" type="checkbox"/> Gross Receipts <input type="checkbox"/> Gross Profits <input type="checkbox"/> \$175 minimum Nonfiling Status Code Enter Code 10	D Federal Identification Number [REDACTED]		Taxable Year Ending <u>12/11</u> Mo. Yr.	
	Name of Corporation COLUMBIA GAS OF KENTUCKY INC		State and Date of Incorporation KY 10/11/1905	
C Income Tax Return <input type="checkbox"/> Elected Consolidated Attach Form 722 <input type="checkbox"/> Mandatory NEXUS Nonfiling Status Code Enter Code	Number and Street 200 CIVIC CENTER DRIVE		Principal Business Activity in KY	
	City COLUMBUS	State OH	ZIP Code 43215	Telephone Number
E Name of Common Parent Nisource, Inc.		Kentucky Corporation/LLET Account No. 142288		NAICS Code Number (Relating to Kentucky Activity) (See www.census.gov) 221210
F Check if applicable: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return (Complete Part IV) <input type="checkbox"/> Short-period return (Complete Part IV) <input type="checkbox"/> Change of name <input type="checkbox"/> Change of address <input type="checkbox"/> Change of accounting period				
G Check if applicable: <input type="checkbox"/> Amended return <input type="checkbox"/> Amended return-RAR Provide explanation of changes in Part V - Explanation of Amended Return Changes.				

PART I - LLET COMPUTATION			PART II - INCOME TAX COMPUTATION		
1. Schedule LLET, Section D, line 1	114,095	00	1. Income tax (see instructions)	431,215	00
2. Recycling/composting equipment tax credit recapture		00	2. Recycling/composting equipment tax credit recapture		00
3. Total (add lines 1 and 2)	114,095	00	3. Tax installment on LIFO recapture		00
4. Nonrefundable LLET credit from Kentucky Schedule(s) K-1		00	4. Total (add lines 1 through 3)	431,215	00
5. Nonrefundable tax credits (Schedule TCS)		00	5. Nonrefundable LLET credit from the Corporation LLET Credit Worksheet(s) (see instructions)		00
6. LLET liability (greater of line 3 less lines 4 and 5 or \$175 minimum)	114,095	00	6. Nonrefundable LLET credit (Part I, line 6 less \$175)	113,920	00
7. Withholding tax (Form PTE-WH)		00	7. Nonrefundable tax credits (Schedule TCS)		00
8. Estimated tax payments		00	8. Net income tax liability (line 4 less lines 5 through 7, but not less than zero)	317,295	00
9. Certified rehabilitation tax credit		00	9. Estimated tax payments <input type="checkbox"/> Check if Form 2220-K attached.		00
10. Film industry tax credit		00	10. Extension payment		00
11. Extension payment		00	11. Prior year's tax credit		00
12. Prior year's tax credit		00	12. LLET overpayment from Part I, line 18		00
13. Income tax overpayment from Part II, line 17		00	13. Corporation income tax paid on original return		00
14. LLET paid on original return		00	14. Corporation income tax overpayment on original return		00
15. LLET overpayment on original return		00	15. Income tax due (lines 8 and 14 less lines 9 through 13)	317,295	00
16. LLET due (lines 6 and 15 less lines 7 through 14)	114,095	00	16. Income tax overpayment (lines 9 through 13 less lines 8 and 14)		00
17. LLET overpayment (lines 7 through 14 less lines 6 and 15)	NONE	00	17. Credited to 2011 LLET		00
18. Credited to 2011 Income tax		00	18. Credited to 2012 corporation income tax		00
19. Credited to 2012 LLET		00	19. Amount to be refunded		00
20. Amount to be refunded		NONE 00			

TAX PAYMENT SUMMARY (Round to nearest dollar)		Federal Form 1120, all pages and any supporting schedules must be attached. Make check payable to: Kentucky State Treasurer Mail return with payment to: Kentucky Department of Revenue Frankfort, Kentucky 40620
LLET 1. LLET due (Part I, Line 16) \$ <u>114,095</u> 2. Penalty \$ _____ 3. Interest \$ _____ 4. Subtotal \$ <u>114,095</u>	INCOME 1. Income tax due (Part II, Line 15) \$ <u>317,295</u> 2. Penalty \$ _____ 3. Interest \$ _____ 4. Subtotal \$ <u>317,295</u>	
TOTAL PAYMENT (Add Subtotals) \$ <u>431,390</u>		



Form 720 (2011)

Page 2

Commonwealth of Kentucky

DEPARTMENT OF REVENUE



PART III - TAXABLE INCOME COMPUTATION

1. Federal taxable income (Form 1120, line 28)	1	-2,479,646	00	14. Federal work opportunity credit	14		00
ADDITIONS:				15. Depreciation adjustment	15	8,973,481	00
2. Interest income (state and local obligations)	2		00	16. Other (attach Schedule O-720)	16		00
3. State taxes based on net/gross income See Stat 1	3	654,448	00	17. Revenue Agent Report (RAR)	17		00
4. Depreciation adjustment	4	19,058,808	00	18. Net income (line 11 less lines 12 through 17)	18	8,260,129	00
5. Deductions attributable to nontaxable income	5		00	19. Current net operating loss adjustment (mandatory nexus only)	19		00
6. Related party expenses	6		00	20. Kentucky net income (add lines 18 and 19)	20	8,260,129	00
7. Dividend paid deduction (REIT)	7		00	21. Taxable net income (attach Schedule A if applicable)	21	7,211,910	00
8. Domestic production activities deduction	8		00	22. Net operating loss deduction (NOLD)	22		00
9. Other (attach Schedule O-720)	9		00	23. Taxable net income after NOLD (line 21 less line 22)	23	7,211,910	00
10. Revenue Agent Report (RAR)	10		00	24. Kentucky domestic production activities deduction (KDPAD)	24		00
11. Total (add lines 1 through 10)	11	17,233,610	00	25. Taxable net income after KDPAD (line 23 less line 24)	25	7,211,910	00
SUBTRACTIONS:							
12. Interest income (U.S. obligations)	12		00				
13. Dividend income	13		00				

PART IV - EXPLANATION OF FINAL RETURN AND/OR SHORT-PERIOD RETURN

PART V - EXPLANATION OF AMENDED RETURN CHANGES



SCHEDULE Q - KENTUCKY CORPORATION/LLET QUESTIONNAIRE

IMPORTANT: Questions 4 - 13 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same fed I.D. number for the preceding year, questions 1, 2 and 3 must be answered.

Failure to do so may result in a request for a delinquent return.

1. Indicate whether: (a) new business; (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership; (3) sole proprietorship; or (4) other
If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.
2. List the following Kentucky account numbers. Enter N/A for any number not applicable.
Employer Withholding
Sales and Use Tax Permit
Consumer Use Tax
Unemployment Insurance
Coal Severance and/or Processing Tax
3. If a foreign corporation, enter the date qualified to do business in Kentucky.

4. If change of accounting period, Item F on page 1, is checked, complete the following information:
Year End before the change:
Month and Day
a. Change from a Fiscal Year to a Calendar Year (NOT a 52/53 week filer)
b. Change from a Calendar Year to a Fiscal Year (NOT a 52/53 week filer):
New Year End:
Month and Day
c. Change from a Fiscal Year to a Calendar Year (52/53 week filer):
New Year End: December and day of week
d. Change from a Calendar Year to a Fiscal Year (52/53 week filer):
New Year End:
Month and day of week
If a 52/53 week filer: (Choose one of the options below.)
i. Option A: Ends on the same day of the week and whatever date this same day of the week last occurs in a calendar month.
ii. Option B: Ends on the same day of the week and whatever date this same day of the week occurs that is the nearest to the last day of the calendar month.

5. The corporation's books are in care of: (name and address)
200 Civic Center Drive
Columbus OH 43215
6. Are disregarded entities included in this return?
Yes No. If yes, list name, address and federal I.D. number of each entity.
7. Was the corporation a partner or member in a pass-through entity doing business in Kentucky? Yes No. If yes, attach schedule listing name and federal I.D. number of the pass-through entity(ies).
Was the corporation doing business in Kentucky other than through its interest held in a pass-through entity doing business in Kentucky? Yes No
8. Are related party costs made to related members as defined in KRS 141.205(1)(l) included in this return? Yes No. If yes, attach schedule listing name, federal I.D. and/or Kentucky Corporation/LLET account number of the individual(s) or entity(ies).
9. Did the corporation at any time during the taxable year do business in Kentucky and own 80 percent or more of the voting stock of another corporation doing business in Kentucky? Yes No. If yes, list name, address and federal I.D. number of each entity.
10. Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year? Yes No. If yes, list name, address and federal I.D. number of each entity.
11. Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other
12. Did the corporation file a Kentucky tangible personal property tax return for January 1, 2012? Yes No

13. Is the corporation currently under audit by the Internal Revenue Service? Yes No
If yes, enter years under audit
If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to the dept., check here and file an amended return. See 2011 Kentucky Corporation Income Tax and LLET Return Instructions for information regarding amended returns. Attach a copy of the final determination to each amended return.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)
Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.
Has the attached officer information changed from the last return filed? Yes No
President's Name Robert C. Skaggs President's Home Address 200 Civic Center Drive
President's Social Security Number Columbus, OH 43215
Date Became President

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.
Signature of principal officer or chief accounting officer
Date
Name of person or firm preparing return
SSN, PTIN or FEIN

May the DOR discuss this return with the preparer?
Yes No
E-mail Address:
Telephone Number:

SCHEDULE A
 41A720A (10-11)



Commonwealth of Kentucky
DEPARTMENT OF REVENUE
 See instructions.

Attach to Form 720, 720S, 725,
 765 or 765-GP.

APPORTIONMENT AND ALLOCATION
 (For corporations and pass-through entities taxable
 both within and without Kentucky.)

Regulations 103 KAR 16:090, 103 KAR 16:270, 103 KAR 16:290

Name of Corporation or Pass-through Entity COLUMBIA GAS OF KENTUCKY INC	Federal Identification Number [REDACTED]	Kentucky Corporation/LLET Account Number 004668
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- Check this box and complete Schedule A-C, Apportionment and Allocation - Continuation Sheet: (i) if the corporation filing this tax return is a partner or member of a limited liability pass-through entity or general partnership (organized or formed as a general partnership after January 1, 2006) doing business in Kentucky; or (ii) if the pass-through entity filing this tax return is a partner or member of a pass-through entity doing business in Kentucky.
- Check this box and complete Schedule A-N, Apportionment Factor Schedule (For a Nexus Consolidated Tax Return), if the corporation is filing a mandatory nexus consolidated tax return as provided by KRS 141.200(11).

If apportionment method other than statutory formula is used:

- Check this box: (i) if the department has granted written approval to use an alternative allocation and apportionment method as provided by KRS 141.120(9)(a), and attach a copy of the approval letter to the tax return; or (ii) if the company has made an irrevocable five year election to use an allocation and apportionment method as provided by KRS 141.120(9)(b), and attach a copy of the election to the tax return.

SECTION I. COMPUTATION OF APPORTIONMENT FRACTION				SECTION II. APPORTIONMENT AND ALLOCATION OF INCOME			
Convert lines 3, 4, 7, 10, 11 and 12 to a percentage carried to four decimal places.				1. Net income (from Form 720, Part III, line 20)	1	8,260,129	00
1. Kentucky sales	1	120,099,608	00	2. Deduct nonbusiness income (if applicable):			
2. Total sales	2	148,286,730	00	(a) Interest	2(a)	00	
3. Sales factor (line 1 divided by line 2)	3	80.9915 %		(b) Rents	2(b)	00	
4. Double-weighted Sales factor (line 3 multiplied by 2)	4	161.9830 %		(c) Royalties	2(c)	00	
5. Average value of Kentucky real/tangible property (Section III)	5	300,414,339	00	(d) Net gain or loss on sale or exchange of capital assets	2(d)	00	
6. Average value of total real/tangible property (Section IV)	6	344,288,958	00	(e) Total (lines (a) through (d))	2(e)	00	
7. Property factor (line 5 divided by line 6)	7	87.2565 %		(f) Less related expenses (attach schedule)	2(f)	00	
8. Kentucky payrolls	8	9,349,387	00	3. Net nonbusiness income	3		00
9. Total payrolls	9	9,349,387	00	4. Business Income (line 1 less line 3)	4	8,260,129	00
10. Payroll factor (line 8 divided by line 9)	10	100.0000 %		5. Business Income apportioned to Kentucky (line 4 multiplied by line 12, Section I)	5	7,211,910	00
11. Total (add lines 4, 7 and 10)	11	349.2395 %		6. Add Kentucky nonbusiness income (if applicable):			
12. Apportionment fraction - line 11 divided by 4 or number of factors present (sales representing 2 factors)	12	87.3099 %		(a) Interest	6(a)	00	
				(b) Rents	6(b)	00	
				(c) Royalties	6(c)	00	
				(d) Net gain or loss on sale or exchange of capital assets	6(d)	00	
				(e) Total (lines (a) through (d))	6(e)	00	
				(f) Less Kentucky related expenses (attach schedule)	6(f)	00	
				7. Kentucky net nonbusiness income	7		00
				8. Taxable net income (line 5 plus line 7) (enter here and on Form 720, Part III, line 21)	8	7,211,910	00

SECTION III. KENTUCKY REAL/TANGIBLE PROPERTY			SECTION IV. TOTAL REAL/TANGIBLE PROPERTY		
PROPERTY	A. Beginning of Year	B. End of Year	PROPERTY	A. Beginning of Year	B. End of Year
1. Inventories	71,288	73,295	1. Inventories	40,004,078	47,889,743
2. Buildings	7,995,730	8,142,015	2. Buildings	7,995,730	8,142,015
3. Machinery and equipment	274,017,061	286,781,506	3. Machinery and equipment	274,017,061	286,781,506
4. Land	4,118,210	4,149,002	4. Land	4,118,210	4,149,002
5. Other tangible assets	1,168,591	1,163,948	5. Other tangible assets	1,168,591	1,163,948
6. Total (lines 1 through 5)	287,370,880	300,309,766	6. Total (lines 1 through 5)	327,303,670	348,126,214
7. Average value of real/tangible property owned in Kentucky, total of line 6, columns A and B divided by 2		293,840,323	7. Average value of real/tangible property owned everywhere, total of line 6, columns A and B divided by 2		337,714,942
8. Leased property (Eight times the annual rental rate less subrentals)		6,574,016	8. Leased property (Eight times the annual rental rate less subrentals)		6,574,016
9. Total (lines 7 and 8) (enter on line 5, Section I)		300,414,339	9. Total (lines 7 and 8) (enter on line 6, Section I)		344,288,958

SCHEDULE LLET

41A720LLET (10-11)

Commonwealth of Kentucky

DEPARTMENT OF REVENUE



**LIMITED LIABILITY ENTITY TAX
 KRS 141.0401**

Taxable Year Ending

12/11

Mo. Yr.

▶ See instructions.

Member of a Combined Group

▶ Attach to Form 720, 720S, 725 or 765.

Reason Code

Name of Corporation or Limited Liability Pass-through Entity COLUMBIA GAS OF KENTUCKY INC	Federal Identification Number [REDACTED]	Kentucky Corporation/LLET Account Number 004668
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Check this box and complete Schedule LLET-C, Limited Liability Entity Tax - Continuation Sheet, if the corporation or limited liability pass-through entity filing this tax return is a partner or member of a limited liability pass-through entity or general partnership (organized or formed as a general partnership after January 1, 2006) doing business in Kentucky. Enter the total amounts from Schedule LLET-C in Section A of this schedule.

Section A - Computation of Gross Receipts and Gross Profits

	Column A Kentucky		Column B Total	
1. Gross receipts	120,099,608	00	148,286,730	00
2. Returns and allowances		00		00
3. Gross receipts after returns and allowances (line 1 less line 2 or amount from Schedule LLET-C).	120,099,608	00	148,286,730	00
4. Cost of goods sold		00		00
5. Gross profits (line 3 less line 4 or amount from Schedule LLET-C)	120,099,608	00	148,286,730	00

Section B - Computation of Gross Receipts LLET

1. If gross receipts from all sources (Column B, line 3) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1	1			
2. If gross receipts from all sources (Column B, line 3) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 3 x 0.00095) — (\$2,850 x (\$6,000,000 - Column A, line 3)) \$3,000,000 but in no case shall the result be less than zero	2	0	00	
3. If gross receipts from all sources (Column B, line 3) are \$6,000,000 or greater, enter the following: Column A, line 3 x 0.00095.	3	114,095	00	
4. Enter the amount from line 2 or line 3	4	114,095	00	

Section C - Computation of Gross Profits LLET

1. If gross profits from all sources (Column B, line 5) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1	1			
2. If gross profits from all sources (Column B, line 5) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) — (\$22,500 x (\$6,000,000 - Column A, line 5)) \$3,000,000 but in no case shall the result be less than zero	2	0	00	
3. If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075	3	900,747	00	
4. Enter the amount from line 2 or line 3	4	900,747	00	

Section D - Computation of LLET

1. Enter the lesser of Section B, line 4 or Section C, line 4, or a minimum of \$175 on this line and on Form 720, Part I, line 1; for Form 720S, 725, or 765, enter on Part II, line 1	1	114,095	00	
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STOP Mark the applicable Receipts Method box on Form 720, 720S, 725 or 765, page 1, Item B.

SCHEDULE O-720

41A720-O (11-11)

Commonwealth of Kentucky

DEPARTMENT OF REVENUE



For taxable year ended

12 **11**

Mo. Yr.

▶ See Instructions.

**OTHER ADDITIONS AND SUBTRACTIONS
 TO/FROM FEDERAL TAXABLE INCOME**

▶ Attach to Form 720.

Name of Corporation	Federal Identification Number	Kentucky Corporation/LLET Account Number
COLUMBIA GAS OF KENTUCKY INC	[REDACTED]	4668

PART I - ADDITIONS TO FEDERAL TAXABLE INCOME (FORM 720, PART III, LINE 9)

1. Kentucky capital gain from Kentucky Schedule D, line 14	1	00
2. Loss from Form 4797 found on federal Form 1120, line 9	2	00
3. Gain from Kentucky Form 4797, line 17	3	00
4. Safe harbor lease adjustments	4	00
5. Federal allowable depletion from Form 1120, line 21	5	00
6. Federal contribution deductions from Form 1120, line 19	6	00
7. Terminal Railroad Corporation adjustments	7	00
8. Federal allowable passive activity loss	8	00
9. Federal taxable loss of all exempt corporations	9	00
10. Adjustments for qualified construction allowance(s) for short-term lease(s)	10	00
11. Other additions (attach explanation)	11	00
12. Total of lines 1 through 11 (enter on Form 720, Part III, Line 9)	12	00

PART II - SUBTRACTIONS FROM FEDERAL TAXABLE INCOME (FORM 720, PART III, LINE 16)

1. Capital gain from Form 1120, line 8	1	00
2. Gain from Form 4797 found on federal Form 1120, line 9	2	00
3. Loss from Kentucky Form 4797, line 17	3	00
4. Safe harbor lease adjustments	4	00
5. 50% of the gross royalty income derived from any disposal of coal with a retained economic interest defined by IRC Section 631(c) and all IRC Section 272 expenses if the corporation elects not to use percentage depletion	5	00
6. Kentucky special deduction from Schedule HH	6	00
7. Terminal Railroad Corporation adjustments	7	00
8. Kentucky allowable passive activity loss	8	00
9. Kentucky allowable depletion	9	00
10. Kentucky contribution deductions	10	00
11. Adjustments for qualified construction allowance(s) for short-term lease(s)	11	00
12. Federal taxable income of all exempt corporations	12	00
13. Amounts received from Tobacco Master Settlement Agreement, Phase II Settlement	13	00
14. Amounts received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program	14	00
15. Amounts received as a result of a tobacco quota buydown program	15	00
16. State Phase II payments received by a producer of tobacco or a tobacco quota owner	16	00
17. Other subtractions (attach explanation)	17	00
18. Total of lines 1 through 17 (enter on Form 720, Part III, line 16)	18	00

COLUMBIA GAS OF KENTUCKY INC

Tax Year 2011

EIN [REDACTED]
6/12/2013 2:19:32 PM

Statement: 1
Form 720, Page 2, Part III - State taxes based on net/gross income

Row ID	Description	Jurisdiction	Jurisdiction Type	Tax/License Type	Amount
1	State Income Tax	KY	State	Income	655,030
2	State Income Tax	NY	State	Income	4,575
3	State Income Tax	WV	State	Income	695
4	State Income Tax	PA	State	Income	(5,852)
Total					654,448

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

48. Provide the following information with regard to uncollectible accounts for the three most recent calendar years for gas operations:

- a. Reserve account balance at the beginning of the year;
- b. Charges to reserve account (accounts charged off);
- c. Credits to reserve account;
- d. Current year provision;
- e. Reserve account balance at the end of the year; and
- f. Percent of provision to total revenue.

Response:

Please refer to Attachment A for the response.

COLUMBIA GAS OF KENTUCKY, INC.
COMPARATIVE INFORMATION FOR UNCOLLECTIBLE ACCOUNTS
01/31/2010 THROUGH 12/31/2012
GAS OPERATIONS

Description	2012	2011	2010
Reserve account balance at the beginning of the year	\$366,905	\$239,528	\$413,983
Charges to reserve (accounts charged off)	(\$577,904)	(\$1,174,400)	(\$971,914)
Credits to reserve account	\$354,491	\$554,985	\$768,506
Current year provision	\$120,224	\$746,792	\$28,953
Reserve account balance at the end of the year	\$263,716	\$366,905	\$239,528
Total Company Revenue (Excludes Unbilled)	\$97,106,475	\$121,537,068	\$115,090,436
Percent of provision to total revenue	0.1238%	0.6145%	0.0252%

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

49. Provide Columbia's written policies on the compensation of outside attorneys, auditors, consultants, and all other professional service providers. Include a schedule of fees, per diems, and other compensation in effect during the base period. Include all agreements, contracts, memoranda of understanding, and any other documentation that explains the nature and type of reimbursement paid for professional services. Indicate if any changes have occurred since the test year of its last gas rate case, the effective date of these changes, and the reason for these changes.

Response:

Columbia's policies follow the procurement policy of NiSource Inc. which is included as Attachment A to this response. Compensation paid to professional service providers is negotiated between Columbia and the provider. Professional services are rendered under both written agreements and based on invoices for services. Agreements for professional rate case services are provided in response to Staff's Request No. 054. Professional services provided and billed directly to Columbia during the base period include:

1. The Matrix Group, Inc. for telephone survey services and analysis (services billed by invoice).
2. Sheehy & Associates for public awareness, educational campaigns and advertising (service billed by invoice).
3. Whitehouse-Riddle Strategic Solutions, LLC: see Response to Data Request No. 057.
4. RCP Inc. for engineering services related to maximum allowable operating pressure (MAOP) study including project planning and development and data gathering and validation.
5. Costs related to the implementation of a single general ledger and chart of accounts for all NiSource companies including Columbia.

PSC Case No. 2013-00167
Staff Set 1 Dr. No. 049
Attachment A
Respondent: Herbert A. Miller, Jr.
(37 pages)

niSource

Procurement Policy

June 1, 2011



POLICY SUBJECT: Procurement Policy Index and Definitions

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

Section 1.....Procurement of Materials and Services

Section 2.....Procurement Process

Section 3.....Supplier Administration

Section 4.....Supplier Diversity

Section 5.....Sourcing

Section 6.....Competitive Bidding

Section 7.....Purchasing Document Administration

Definitions

Italicized words within this section are defined

- 1) *Shall, must, and will* mean that the procedure is mandatory.
- 2) *May*. Means the procedure is optional.
- 3) *Bid*. A supplier's written price offered to provide materials, goods or services requested by NiSource and/or its affiliates.
- 4) *Blanket Purchasing Authorization Document*. Shall mean a Purchasing Authorization Document that authorizes one or more purchases from a supplier up to a certain dollar amount for a specified period of time, but not exceeding the end of the then current fiscal year.
- 5) *Business Unit*. Includes Natural Gas Distribution, NiSource Gas Transmission & Storage, Northern Indiana Energy and departments comprised within NiSource Corporate Services, (such as Audit, Environmental Health and Safety, Finance, Human Resources, Information Technology, and Legal)
- 6) *Change Order*. A written modification to a Purchasing Document, Purchasing Authority Document or Blanket Purchasing Authority Document by Procurement Operations that results in a change to the contract amount or contract requirements.
- 7) *Outsourcing*. Outsourcing is any task, operation, job or process that was previously performed by NiSource or its affiliates' employees, but is or will be performed by a third party.
- 8) *Purchasing Authorization Document* means a Purchase Order, Service Authorization or a direction to proceed issued by NiSource or its affiliates that authorizes the expenditure of funds with the supplier for the provision of materials, goods or services.
- 9) *Purchasing Document* means the Procurement Operations approved template contract forms, including but not limited to, General Services Agreement, short form or long form, Professional Services Agreement, short form or long form, Materials and Equipment Agreement, Purchase Orders, or any other form agreement used by Procurement Operations in the usual course of business including any Statement of Work or the supplier' written proposal. The term "Purchasing Document" may include supplier's form terms and conditions if supplier's form is approved for use

by Purchasing Operations in accordance with the Purchasing Operations approval process.

- 10) *Procurement Operations* shall mean the policies, procedures, and actions of the Supply Chain organization and its personnel in the solicitation, negotiation and documentation of written contracts for the purchase of goods and services.
- 11) *Procurement Services* shall mean those actions taken to purchase goods, materials and services from suppliers for NiSource and its affiliates, including but not limited to goods, materials, and services for new construction, reconstruction or remodeling to the extent not considered new construction, maintenance, environmental remediation, information technology, engineering, consulting, human resources, finance, legal or any other procurement requests from any NiSource business unit.
- 12) *Procurement System*. A computer based procurement system used by Procurement Operations to enter and manage such items as Requisitions, Purchase Orders, Request for Quotes, and supplier information.
- 13) *RFX* shall mean a Request for Quotation (RFQ), Request for Proposals (RFP) or Request for Information (RFI), as the context requires, whereby NiSource or its affiliates solicit information from suppliers regarding the provision of materials, goods or services.
- 14) *Requisition*. The document submitted by the Business Unit through the Procurement System to request Procurement Services.
- 15) *Unpriced Change Orders and Contract Actions*.
Unpriced contract action means any contract action for which the agreement terms, specifications, or price are not agreed upon before performance has begun and supplier has been authorized to begin work.

POLICY SUBJECT: Procurement of Materials, Goods and Services
[Section 1]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

1. Procurement of Materials, Goods and Services

The following policy applies to Procurement Operations' provision of Procurement Services to the various Business Units

The corresponding roles and responsibilities are designed to describe the interactions between the Business Units and Supply Chain Procurement Operations.

1.1 Corporate Ethics and Corporate Code of Business Conduct

It is the policy of NiSource to comply with all applicable laws and adhere to the highest ethical standards in conducting business. To achieve those results, NiSource has adopted a Code of Business Conduct. The business ethics program has been designed to provide each employee with guidance on compliance with the Code of Business Conduct and to provide communication channels for employees or other interested parties to report actual or potential violations of the Code of Business Conduct, applicable laws or NiSource policies.

1.2 Commitment Authority (Authorization to Approve Expenditure of Funds)

Business Units have the responsibility to define the requirements for material, goods or services, to receive approval to expend Company funds, to follow the Requisition and Disbursement Approval Levels Accounting Policy, and submit a request, in alignment with the appropriate Business Unit procurement process.

1.3 Obligation Authority (Authority to Proceed)

Procurement Operations has the responsibility to procure on behalf of the Business Unit a qualified supplier based on the approved request. Procurement Operations will issue a Purchasing Authorization Document directing the selected supplier to proceed in accordance with Purchasing Documents and/or Business Unit direction.

1.3.1 Procurement Operations shall follow the applicable sourcing and supplier selection process as detailed below where applicable:

- 1) Assess Opportunity and Launch Project
- 2) Complete Category Profile
- 3) Develop Sourcing Strategy
- 4) Identify Suppliers & Selection Criteria
- 5) Conduct RFX
- 6) Negotiate and Execute Purchasing Documents
- 7) Implement and Manage Supplier Performance

1.4 Receipt of Materials, Goods and Services and Payment

Business Units have the responsibility to verify receipt (when necessary) for materials, goods or services provided by suppliers. Business Units also have the responsibility to ensure proper account classification on invoices for payment processing. Where a warehousing function exists, the warehousing organization has the responsibility to verify receipt for inventoried materials.

Appropriate approval must be obtained by the Business Unit as outlined in the *Requisition and Disbursement Approval Level Accounting Policy*.

1.5 Compliance

Business Units and Procurement Operations will collaboratively ensure compliance with regulatory standards and corporate policies through each of the procurement process steps as applicable.



POLICY SUBJECT: Procurement Process [Section 2]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

2. Procurement Process

The following policy applies to Procurement Operations' provision of Procurement Services to the various Business Units. Areas excluded from the scope of this policy include by not limited to, sales and marketing agreements where NiSource affiliates are performing services for others (including the subcontracting of those services), financial agreements and transactions, gas supply and transportation purchases, coal and transportation purchases, and gas and electric trading.

The corresponding roles and responsibilities are designed to describe the interactions between the Business Units and Supply Chain Procurement Operations.

2.1 Procedure for Business Units Requesting Materials, Goods or Services

2.1.1 When the Business Units determine the need to purchase material, goods or services they shall contact the Procurement Operations team supporting their Business Unit.

In conjunction with the Business Unit, Procurement will establish key milestones and timelines in regards to providing required Procurement support. Procurement will ensure that key milestones and timelines are developed, monitored and, in collaboration with the Business Unit, met.

2.1.2 Procurement Operations shall interact with the Business Units to determine sufficient information relevant to a request for material, goods or services. Sufficient information necessary to identify the Business Unit needs may include the following:

- (a) Scope of Service/Statement of Work shall include a detailed description of the materials, goods or services to be performed and technical specifications related thereto
- (b) Time schedule and Gantt chart, including, at a minimum, a specified start and completion date
- (c) Job requirements and/or any special conditions
- (d) All required specifications and codes
- (e) Reporting information that may be required from the supplier as a result of the material, goods or services
- (f) All pertinent account classification to which material, goods or services will be charged
- (g) Suggested supplier names, if applicable
- (h) Part Number/Serial Number/VIN Number
- (i) Desired delivery dates and location
- (j) Internal contact information
- (k) Inspection and acceptance criteria
- (l) Business risk(s)

2.1.3 Sourcing Process

In the event Procurement Operations in its discretion chooses to utilize competitive bidding in the supplier selection process, Procurement Operations process for competitive bidding is outlined in Section 6 Competitive Bidding.

2.1.4 Issuance of Purchasing Documents

Procurement Operations shall prepare all Purchasing Documents and will work with the Business Units to ensure that the documents are issued in accordance with all NiSource Corporate and Procurement Policies. Purchasing Documents establish a commitment for the delivery or performance of specific materials or services by a selected supplier and shall properly reference any written agreement as well as any material, good or service specifications, descriptions of material, goods or services, pertinent supplier proposal information and accepted pricing.

2.2 Blanket Purchasing Documents

Blanket Purchasing Authorization Documents should be used for repetitive material, goods or services delivered or performed for the Business Units on an as needed basis. Procurement Operations shall prepare all Blanket Purchasing Authorization Documents for material, goods and/or services and will work with the Business Units to assure that the Blanket Purchasing Authorization Documents are issued in accordance with all NiSource Corporate and Procurement Policies. Blanket Purchasing Authorization Documents establish a commitment for the delivery or performance of specific materials, goods or services by a selected supplier and shall properly reference any Purchasing Documents.

2.3 Use of Terms and Conditions on Purchasing Documents

In the exercise of its discretion and in consultation with the Business Unit, Procurement Operations may authorize the use of a Blanket Purchasing Authorization Document for the purchase of any material, goods or services that are less than \$100,000 and do not present any unusual risk based upon consultation with the Business Unit, Risk Management and Legal.

2.4 Determination of Fair and Reasonable Pricing

Procurement Operations, along with the Business Units, will determine fair and reasonable pricing for purchases of materials and/or services.

2.5 Emergency Situations

Business Units may authorize emergency purchases of materials and/or services and use email approval to direct Procurement Operations to authorize suppliers to begin work and/or provide materials prior to the execution of the appropriate Purchasing Documents. Email approval includes approval by the appropriate Business Unit management level authorized to approve the requisition. The approval email will then be submitted with the requisition and used by Procurement Operations to issue Purchasing Documents to the supplier. Purchasing Documents will be issued to the supplier(s) as soon as practicable and Procurement Operations shall pursue execution of Purchasing Documents with all necessary expediency.

2.6 Change Order Process

Once the Purchasing Document has been issued, any changes or revisions made must be supported by appropriate documentation provided by the supplier or Business Units. Such documentation should include, but is not limited to, proposals, letter of explanation, drawings or specification revisions. Some changes or revisions may require the execution of an Amendment to the Purchasing Documents.

2.6.1 Change Order Approval

All revisions to Purchasing Documents must be approved in accordance with the process consistent with the NiSource Requisition and Disbursement Approval Levels Accounting Policy. Revised Purchasing Documents must be approved at the aggregate dollar expenditure. Once approved by the Business Units, Procurement Operations shall issue the revised Purchasing Document and Purchasing Authorization Document to the supplier authorizing supplier to proceed.

POLICY SUBJECT: Supplier Administration [Section 3]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

3. Supplier Administration

Procurement Operations shall maintain a list of suppliers regularly utilized by the Business Units. Procurement Operations, in consultation with various Business Units, will determine whether to add or delete a supplier to the officially maintained list. Procurement Operations will work with Accounts Payable to ensure suppliers are set up within the appropriate accounts payable systems.

3.1 Supplier Qualification and Review

Purchases shall be made from executed Purchasing Documents with suppliers, except in cases of emergency. Procurement Operations shall consult with appropriate NiSource departments to evaluate supplier qualifications. These departments include areas such as Audit, Legal, Risk Management, Finance, and Environmental Health and Safety. Procurement Operations shall inform the Business Units of any variation by the supplier of any qualification requirements. Business Units shall be responsible for the final selection of the supplier who will provide the material, goods or services to the Business Unit.

3.1.1 Criteria for Supplier Qualification and Review

A supplier shall be evaluated according to the following criteria:

- (a) Adequate financial resources to perform the services or provide the goods or materials;
- (b) Capable of complying with the required or proposed delivery or performance schedule;
- (c) Performance and safety record;
- (d) Integrity and business ethics;
- (e) Organizational experience in areas such as accounting, operational controls and technical skills; and

- (f) Adequate resources for production, construction, technical equipment and facilities, or the ability to obtain them.

If there is a potential significant financial risk to NiSource of using a particular supplier, then Procurement Operations may request a supplier assessment from Credit Risk Management. Procurement Operations will share the financial findings with the appropriate Business Unit.

3.2 Additional Requirements for Suppliers for Specific Services

- 1) Suppliers that work on natural gas pipelines and liquefied natural gas facilities must be in compliance with Pipeline Safety Regulations, CFR Parts 40 and 49, and CFR Part 199, Procedures for Drug and Alcohol Testing Programs. Suppliers must comply with NiSource's program of compliance with the current U.S. Department of Transportation (DOT) and Pipeline and Hazardous Safety Administration (PHMSA) regulations.
- 2) Suppliers that work on natural gas pipelines and liquefied natural gas facilities are required to provide and maintain for the NiSource Affiliate Company a written plan identifying their DOT Operator Qualification (OQ) program that meets the requirements of 49 CFR, Part 192, Sub-part N. Suppliers will perform the work required with qualified employees for the "Covered Tasks" at NiSource facilities and will provide NiSource with documentation of any modifications that are made in their written plan or their employees' qualifications to perform those "Covered Tasks".
- 3) In some circumstances, suppliers will need to comply with Critical Infrastructure Protection (CIP) standard CIP-004 of the North American Reliability Corporation (NERC) CIP standards for protection of critical infrastructure at certain physical facilities or Critical Cyber Assets, including, but not limited to, hardware such as networks, servers, switches, software or data and background checks.
- 4) Suppliers who have access to personal information of NiSource customers or employees must demonstrate they are capable of maintaining appropriate security measures to protect the personal information.
- 5) Data Security – Suppliers shall comply with all applicable laws and all applicable NiSource Confidential Information procedures, practices and policies.

3.3 Supplier Performance

- 3.3.1** The Business Units will monitor the supplier's delivery of materials, goods or services, work progress and quality of performance.
- 3.3.2** If a dispute with a supplier arises, the Business Unit may try to resolve such dispute with the supplier provided that such resolution does not result in a modification to the rights of the NiSource or its affiliate under the appropriate Purchasing Documents.
- 3.3.3** If the Business Unit cannot resolve a dispute, the Business Unit will notify Procurement Operations who will try to resolve such dispute pursuant to the terms and conditions of the Purchasing Documents.
- 3.3.4** If all such efforts fail, the Business Unit and Procurement Operations, after consulting with Legal, will resolve such dispute with the supplier in accordance with the dispute resolution provisions outlined in the appropriate Purchasing Documents.
- 3.3.5** Final payment due to a supplier should not be made until all materials and goods are received and services are satisfactorily completed, disputes resolved, claims settled and liens released.
- 3.3.6** If the Business Unit would like to terminate, for either convenience or default, a Purchasing Document issued to a supplier, the Business Units shall contact Procurement Operations. If the Business Unit desires to terminate a Purchasing Document due to supplier default, the Business Unit shall provide the basis for such request which may include, but is not limited to, information and documentation regarding the following:
- (a) Performance that is not in accordance with the Purchasing Documents;
 - (b) Quality that is not in accordance with Purchasing Documents;
 - (c) Inability to perform the services in accordance with the Purchasing Documents;

- (d) Files bankruptcy;
- (e) Failure to respond to requests for service previously agreed to be provided by supplier to NiSource;
- (f) Failure to provide proper insurance information;
- (g) Failure to meet deliveries or schedules; or (same as a and or b above)
- (h) Failure to be in compliance with all applicable federal, state, and local regulations. (same as a and or b above)

3.3.7 Procurement Operations shall collaborate with the Business Units on the impact of terminating any Purchasing Documents. Procurement Operations shall consult with Legal, Risk Management and other NiSource departments to examine options, determine course of action and execute termination proceedings, if necessary.

3.3.8 Procurement Operations shall be responsible for documenting all actions taken to terminate Purchasing Documentation with a supplier and filing all information in accordance with any Purchasing Documents.

3.3.9 Procurement Operations will maintain a list of suppliers that are restricted from providing material, goods or services to NiSource and its affiliates.

3.4 Supplier Setup

Prior to performing services or providing material, goods or services for the Business Units, Procurement Operations will verify if the supplier is currently established within the appropriate Procurement/Accounts Payable system and has executed the appropriate Purchasing Documents. Upon set-up, the supplier will be required to provide the appropriate information.

3.5 Supplier Relationship Management [SRM]

3.5.1 Supplier Classification

The following supplier classifications enable Procurement Operations to effectively leverage NiSource spend, improve quality of products and services, reduce infrastructure costs, manage risk and meet internal and external customer requirements. Our supplier classifications include four classifications of suppliers.

1) Collaborative Suppliers

These are suppliers where our mutual self-interests warrant cross-company agreement of objectives. Effective collaboration is most likely to have clear, common outputs with task plans directly engaging the suppliers' personnel.

Attributes of Collaborative Suppliers:

- High switching cost
- Specific specifications required for materials and/or services
- Few alternate sources of supply
- Potential impact to operations
- Longer term relationship

2) Strategic Suppliers

A strategic supplier has current Procurement Documents in place to supply material, goods or services required by NiSource and its affiliates. Typically a limited number of suppliers fall into this classification. Strategic suppliers are those with which NiSource and its subsidiary have strong dependence. These are suppliers for which NiSource may not have a clear alternative.

Attributes of strategic suppliers:

- Critical to operations
- Few sources of supply
- Typically large total expenditures
- Complex or unique specifications

3) Transactional Suppliers

Most catalog orders, online purchases and/or Blanket Purchasing Authorization Documents are handled by transactional suppliers.

Attributes of transactional suppliers:

- Small individual transactions with a small dollar amount
- Multiple suppliers available in the market place
- Commodity purchases
- Utilize market basket approach

4) Leverage Suppliers

Low dollar, high volume; spend across many suppliers. As markets consolidate, the relationships are diminishing and leverage will weaken.

Attributes of leverage suppliers:

- Typically high volume low dollar spend
- Many suppliers

- Large marketplace capacity
- Potential new entrants

3.6 Outsourced Agreements

In some instances NiSource may determine to outsource the provision of certain goods, materials or services. As with other Purchasing Documents, Outsourcing Purchase Documents should include the following:

- 1) Statement/scope of work
- 2) Roles and responsibilities
- 3) Compliance obligations
- 4) Milestones and deliverables
- 5) Definition of work assignment
- 6) Management of changes to statement/scope of work
- 7) Service level agreements

Procurement Operations will collaborate with the Business Units to ensure the Competitive Bidding Procedures for service provider selection and agreement award are followed.

POLICY SUBJECT: Supplier Diversity [Section 4]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

4. Supplier Diversity

It is NiSource's vision that minority and women-owned, small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals have the maximum practicable opportunity to participate in the performance of services and supply of goods and materials required by NiSource.

4.1 Size and Diversity Classifications

4.1.1 Industry terms, certifications & ownership classifications

Small Business

The term "small business" shall mean a business as defined by the Small Business Act in the Code of Federal Regulations. Generally, this means a small business organized for profit that is independently owned and operated, is not dominant in the field of operations in which it is bidding and meets the size standards as prescribed in government regulations.

Large Business

A business that exceeds the small business size code standards established by the Small Business Act as defined in the Code of Federal Regulations.

Foreign Business

A business organized under the law of a country other than the United States, its territories or possessions and is not incorporated in the United States.

Non-profit Organization

Any organization not conducted or maintained for the purpose of making profit. Included in this category are sheltered workshops, universities, colleges, and local, state and federal

governments, NISH (National Industry for the Severely Handicapped), and NIB (National Industries for the Blind).

4.1.2 Ownership

Minority Owned or Minority Business Enterprise (MBE)

A business that is at least 51 percent owned by one or more minorities; or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more minorities; and whose management and daily business operations are controlled by one or more minorities.

Small Business Act certified Small Disadvantaged Business (SDB)

A business certified by the SBA as a socially and economically small disadvantaged business. SDB's must provide a copy of their certification letter from the SBA or a copy of their Central Contractor Registration profile showing SDB certification when registering with NiSource.

Self-Certified Small Disadvantaged Business (SDB)

A "for profit" business:

1. that qualifies as "small" per the SBA Table of Small Business Size Standards Matched to North American Industry Classification System Codes, and
2. is at least 51 percent unconditionally owned by one or more U.S. citizens who are socially and economically disadvantaged individuals, and
3. whose management and daily business operations are controlled by one or more U.S. citizens who are socially and economically disadvantaged individuals, and
4. personal net worth of each individual claiming economic disadvantage is less than \$750,000 (except for tribes, Alaskan Native Corporation-Owned Concern (ANCs), Community Development Corporation-Owned Concern (CDCs) and Native Hawaiian Corporation-Owned Concern (NHOs).

Note: ANCs, NHOs, or CDCs, must meet the "ownership", "management", and "control" criteria in Title 13 of the Code of Federal Regulations, Part 124.109, 124.110 and 124.111, respectively.

SBA-8(a) Small Disadvantaged Business (SDB)

A business certified by the SBA as a socially and economically small disadvantaged business for consideration of government set-a-side contracting opportunities and business

development. SDB-8(a)'s must include a copy of their certification letter from the SBA or a copy of their Central Contractor Registration profile showing SDB certification to their NiSource Procurement Representative.

HUB Zone Small Business

A business located in a "historically underutilized business zone," owned and controlled by one or more U.S. Citizens, and at least 35 percent of its employees reside in a HUB Zone. It must appear on the list of Qualified HUB Zone Small Business maintained by the SBA.

Women Owned or Women Business Enterprise

A business that is at least 51 percent owned by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women.

Women Owned Small Business (WOSB)

A small business that is at least 51 percent owned by one or more women, or in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women.

Veteran (V)

A person who served in the active military, naval, or air service, and who was discharged or released there from under conditions other than dishonorable as defined in title 38 of the U.S.C., section 101 (2).

Service-Disabled Veteran (SDV)

A veteran with a "service connected" disability, which means a disability that was incurred or aggravated, in the line of duty in the active military, naval, or air service as defined in Title 38, of the U.S.C., section 101 (16).

Service-Disabled Veteran-Owned Small Business (SDVOSB)

A small business that is at least 51 percent owned by one or more service-disabled veterans, or in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more service-disabled veterans, and whose management and daily business operations are controlled by one or more service-disabled veterans or a permanent

caregiver of a service-disabled veteran with permanent and severe disability.

4.1.3 Ethnicity/Minority Categories

Asian Pacific American

Persons with origins from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China (including Hong Kong), Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, The Philippines, U.S. Trust Territory of the Pacific Islands (Republic of Palau), Republic of the Marshall Islands, Federated States of Micronesia, the Commonwealth of the Northern Mariana Islands, Guam, Samoa, Macao, Fiji, Tonga, Kiribati, Tuvalu, or Nauru.

African American

Persons having origins in any of the black racial groups of Africa.

Hispanic American

Persons of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.

Native American

American Indians, Eskimos, Aleuts or Native Hawaiians.

Subcontinent Asian American

Persons with origins from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal

4.2 Program

It is NiSource's vision that minority and women-owned small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals as described in *Section 4.1* above, have the maximum practicable opportunity to participate in the performance of services and supply of materials required by NiSource. NiSource's Supplier Diversity Program complies with the federal regulations pertaining to nondiscrimination and affirmative action and requires suppliers to comply contractually in the supply of materials and performance of services to NiSource.

4.2.1 Minority Business Enterprises (MBE) and other Disadvantaged Business Enterprises (DBE) as described above shall be encouraged to qualify for the Qualified Supplier

List consistent with Sec 3.1 Supplier Administration.
Procurement Operations and Business Units will work together to review and identify work categories where opportunities exist and seek participation from Diverse Suppliers.

4.2.1 Procurement Operations should participate in selected MBE and DBE associations and sponsor business fairs, attend association meetings, and provide work categories, and opportunities to these groups.

4.2.2 All diverse suppliers are required to self certify (with the exception of HUB Zone businesses, who will be certified by the SBA) and qualify for doing business with NiSource by completing the supplier registration process and obtaining status on the qualified supplier list.

POLICY SUBJECT: Sourcing Process [Section 5]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

5. Sourcing

Procurement Operations shall work with the Business Units to identify and document current or future projects and/or work activities that create opportunities for sourcing events. Procurement Operations will utilize various sourcing methodologies for the procurement of required goods and services.

There are a number of activities that may initiate a sourcing event, including, but not limited to:

- (i) Purchasing Document renewal
- (ii) New demand arising from new and/or expanded projects
- (iii) Changes in market conditions
- (iv) Supplier issues
- (v) Changes in operational demand forecasts
- (vi) Category review & spend analytics (driven by annual Procurement Operations planning)
- (vii) Revisions to corporate financial targets and vision
- (viii) Supply continuity and supply risk mitigation
- (ix) Changes in regulatory/legal requirements

5.1 Sourcing Methodologies

5.1.1 Strategic Sourcing

Procurement Operations may utilize any of the procedures set forth in this section with regard to the process for the procurement of material, goods or services that have a significant impact to the Business Units or affect multiple NiSource affiliates. Procurement Operations will form and facilitate a strategic sourcing team with participants from the Business Units, Finance, Legal, and subject matter experts.

5.1.2 Tactical Sourcing

Procurement Operations may utilize component steps of the strategic sourcing process to complete procurement of material, goods or services to meet the Business Units needs. Tactical Sourcing typically requires the Business Units to provide their requirements for materials, goods and services.

5.2 Sourcing Planning

In order to facilitate attainment of the procurement objectives, proper planning should identify those milestones at which decisions should be made. Proper planning should address all the technical, business, management, and other significant considerations that may control the sourcing event. The specific content of plans will vary, depending on the nature, circumstances, and stage of the sourcing event. In the planning phase, Procurement Operations should consider the applicable instructions of this section, together with other applicable procedures.

5.2.1 Sourcing Elements

(1) *Statement of need*

Introduce the plan with a brief statement of need.

Summarize the technical and contractual history of prior procurement transactions. Discuss feasible sourcing alternatives, the impact of prior sourcing events on those alternatives, and any related internal efforts.

(2) *Applicable conditions*

State all significant conditions affecting the sourcing, such as—

- (i) Requirements for compatibility with existing or future projects or procurement throughout the NiSource enterprise; and
- (ii) Any known cost, schedule, and capability or performance constraints.

(3) *Cost*

Set forth the established cost goals for the sourcing event and the rationale supporting them, and discuss related cost concepts to be employed, including, as appropriate, the following items:

(i) *Total Cost of Ownership (TCO).*

Discuss how Total Cost of Ownership (TCO) will be considered.

(ii) *Market Intelligence.*

Describe Market Intelligence objective(s) and underlying assumptions, including the rationale for quantity leverage, commodity drivers, and economic adjustment factors. Describe how objectives are to be

applied, tracked, and enforced. Indicate specific related solicitation and contractual requirements to be imposed if applicable.

(iii) *Historical Cost*

(4) *Capability or performance*

Specify the required capabilities or performance characteristics of the supplies or the performance standards of the services or materials being acquired and state how they are related to the need.

(5) *Delivery or performance requirements*

Describe the basis for establishing delivery or performance requirements. Explain and provide reasons for any urgency if it results in concurrency of development and production or constitutes justification for not providing for full and open competition.

(6) *Trade-offs*

Discuss the expected consequences of trade-offs among the various cost, capability or performance, and schedule goals.

(7) *Risks*

Discuss technical, cost, and schedule risks and describe what efforts are planned or underway to reduce risk and the consequences of failure to achieve goals. Discuss its effects on cost and schedule risks, and develop a risk mitigation plan.

5.2.2 Plan of Action

(1) *Sources*

Indicate the prospective sources of goods or services that can meet the Business Unit's need. Include consideration of diverse suppliers as outlined in NiSource's Supplier Diversity Program.

(2) *Competition*

Describe how competition will be sought, promoted, and sustained throughout the course of the sourcing including whether the use of competitive bidding is appropriate or required. If sole/single sourcing is the recommended course of action, appropriate documentation (e.g. bid waiver) is required.

5.2.3 Source Selection Procedures

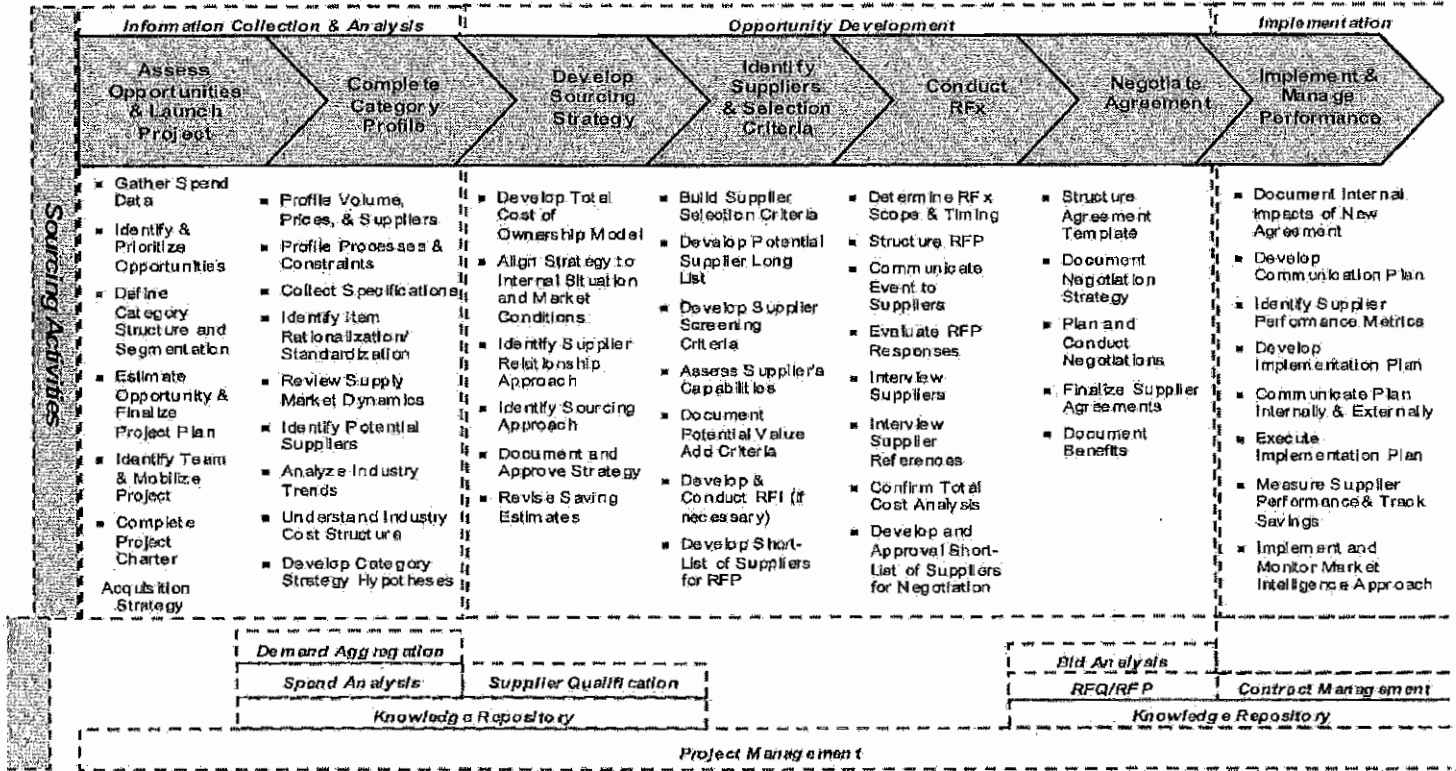
Discuss the source selection procedures for the sourcing event, including the timing for submission and evaluation of RFXs, and the relationship of evaluation factors to the attainment of the sourcing event objectives.

5.3 Sourcing Outcome Implementation

- (a) Describe how the implementation plan and transition from current suppliers (if applicable) will be managed; include how risk will be mitigated if appropriate.
- (b) Facilitate communications with the Business Units regarding the sourcing event and outcomes of such event
- (c) Document how the supplier will be tracked, measured and reported under the Purchasing Document, if appropriate.
- (d) Consider what actions may be necessary if supplier does not perform in accordance with the Purchasing Documents.
- (e) Define how to monitor and report long-term sustained benefits of the sourcing event, if appropriate.

Exhibit 5.1 Strategic Sourcing Process

Strategic Sourcing Process



POLICY SUBJECT: Competitive Bidding [Section 6]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

6. Competitive Bidding

Competitive bidding is intended to enable NiSource and its affiliates to purchase goods and services in order to achieve the best overall value including, cost, schedule and performance consistent with the Business Unit's requirements.

6.1 Competitive Bidding Process

In those instances when NiSource or its affiliates elect to competitively bid material, goods or services, Procurement Operations will utilize the procurement process set forth in this section to conduct RFXs. The Business Units shall provide the necessary requirements and supporting documentation.

6.2 Types of Pricing

6.2.1 Firm Fixed Pricing

This method usually offers NiSource the least risk from a pricing perspective. Fixed Price is when the supplier agrees to provide the material; goods or services set forth in a Purchasing Document for a fixed total price for all work to be provided under the Statement of Work, and is usually used when the scope of work is well defined.

6.2.2. Cost Reimbursement Agreements

(1) Cost-plus-incentive-fee agreements

The cost-plus-incentive-fee agreement is a cost reimbursement agreement that provides for the initially negotiated fee to be adjusted later by a formula based on the relationship of total allowable costs to total target costs. This agreement type specifies a target cost, a target fee, minimum and maximum fees, and a fee adjustment formula. After performance is complete by the supplier, the fee payable to the supplier is determined in accordance with the formula. The formula provides, within limits, for increases in the fee above target fee when total allowable

costs are less than target costs, and decreases in fee below target fee when total allowable costs exceed target costs. This increase or decrease is intended to provide an incentive for the supplier to manage the provision of material, goods or services effectively. When total allowable cost is greater than or less than the range of costs within which the fee-adjustment formula operates, the supplier is paid total allowable costs, plus the minimum or maximum fee.

- (A) A cost-plus-incentive-fee agreement is appropriate for services when—
 - (i) A cost reimbursement agreement is necessary; and
 - (ii) A target cost and a fee adjustment formula can be negotiated that are likely to motivate the supplier to manage the provision of material, goods and services effectively.

(2) Cost Plus – Award Fee

Cost Plus – Award Fee agreements are appropriate when a firm fixed-price agreement is not appropriate and the required supplies or services can be acquired at lower costs and, in certain instances, with improved delivery or technical performance, by relating the amount of profit or fee payable under the agreement to the supplier's performance.

- (A) Incentive agreements are designed to obtain specific acquisition objectives by—
 - (i) Establishing reasonable and attainable targets that are clearly communicated to the supplier; and
 - (ii) Including appropriate incentive arrangements designed to—
 - (a) motivate supplier efforts that might not otherwise be emphasized; and
 - (b) discourage supplier inefficiency and waste.

(3) Cost Plus Fixed Fee

A cost-plus-fixed-fee agreement is a cost-reimbursement agreement that provides for payment to the supplier of a negotiated fee that is fixed at the inception of the Purchase Documents. The fixed fee does not vary with actual cost, but may be adjusted as a result of changes in the scope of work to be performed under the Purchase Documents.

6.3.3 Time and Material

A time-and-materials agreement provides for acquiring material, goods or services on the basis of-

- (i) Direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and
- (ii) Materials at cost, including, if appropriate, material handling costs as part of material costs.

6.4 Exceptions to Competitive Bidding Process

6.4.1 There may be circumstances in which bidding is not warranted or is not in the best interest of NiSource. In such situations individual agreements or purchases can be negotiated without bidding.

Exceptions to bidding include, but are not limited to, the following:

- (a) Lack of qualified suppliers
- (b) Specific suppliers with expertise with the Company or with the specific materials or services;
- (c) Requirements for materials and services of a proprietary nature
- (d) Priority situations including emergencies
In priority situations including emergencies, it may be necessary to acquire materials or service without competitive bidding. In such instances the Business Unit person in charge of the situation may approve the procurement decisions. Subsequently, Procurement Operations will ensure the required documentation will be developed and secured.
- (e) Cost/benefit analysis does not support the bidding process
- (f) Formal Strategic Alliance relationships
- (g) Where Outsourcing Agreements exist, bid waivers are not required

These exceptions must be supported by objective business reasons and be properly documented.

6.5 Bid Analysis

Procurement Operations shall evaluate each supplier's bid, provide the analysis to the Business Unit and advise Business Unit.

- (1) Whenever possible, evaluate price reasonableness on competitive quotations or offers.
- (2) If only one response is received or the event is a sole source, evaluate pricing compared to historical purchases, market intelligence and indices.
- (3) Advise Business Unit of fair and reasonable pricing.

6.5 Negotiation of Proposal

Procurement Operations working with the Business Units will develop a negotiation position that permits Procurement Operations and the supplier an opportunity to reach agreement on price, terms and conditions. Procurement Operations is responsible for exercising the requisite judgment needed to reach a negotiated settlement with the supplier. Procurement Operations shall provide rationale that supports the negotiation results to the Business Unit for approval.

Exhibit 6.2 - Competitive Bidding Process

Task	Description	Actions	Deliverables
RFX Request	Initiate Sourcing Project	Provides information on Sourcing Project	Collected Project Information
	Create Attachments	Provides information on scope of work, bid items, descriptions, etc	Completed form documents with pertinent information
	Verify Supplier registered in System	Verify and as needed work with suppliers to register	System Registration complete
	Add Suppliers not in system		Suppliers added to system
RFX Workspace Creation	Creation of RFX workspace Information	Build Event in system, add team members and observers	RFX
Create RFX Event	Create Rules, Suppliers & Content	Create pricing sheet, Set up bid documents, Upload all bid documents, Select bidders	Completed Bid Event
	Review/Approve RFX before sending invitations	Send RFX to Business Unit	
	Send out RFX invitations	Open event for bidding	
Supplier Responds/Surrogate Bid	Supplier questions on specific RFX posted through system	Gather Responses	Post responses in system

	Upload any addendums and monitor event		
	Extract supplier responses and create summary report for evaluation	Distribute bid analysis	
Evaluation of RFX	Evaluate and score responses		
BAFO/Negotiation Options	Best & Final Offer Negotiations Options	Utilize one of the following: A. BAFO through system B. BAFO outside system C. No BAFO/Negotiations	
Award Bid	Down Select - Negotiate Contract - PR/MR -> PO		Awarded Bid
	Notify Bidder of award via system message		All suppliers notified

POLICY SUBJECT: Purchasing Document Administration [Section 7]

EFFECTIVE DATE: June 1, 2011

REVISED: June 1, 2011

7 Purchasing Document Administration

Suppliers that engage in business with NiSource and its affiliates shall be required to execute Purchasing Documents with NiSource Corporate Services Company. The execution of a Purchasing Document establishes the price and other terms and conditions of the contractual relationship with a supplier but does not create an immediate obligation on either party's part to purchase materials, goods or services until NiSource or its affiliates issue Purchasing Authorization Documents. Unless there is a legitimate business reason to do so, all Purchasing Documents will be in the name of NiSource Corporate Services Company.

7.1 Purchasing Document Selection Matrix

The appropriate Purchasing Document should be selected using the following criteria:

Purchasing Document Type	Selection Criteria or Applicability	Example
GENERAL SERVICES AGREEMENT FOR CONSTRUCTION, MAINTENANCE, SERVICES, AND MATERIALS (GSA)	Used for construction, maintenance, repair and environmental service work that may result in high dollar expenditures (\$1,000,000 or greater for a	All environmental work, most power plant services, gas line installation/operation/maintenance activities, gathering service work, drilling and exploration work.

Purchasing Document Type	Selection Criteria or Applicability	Example
	<p>single project or total of multiple projects) or high risk. This agreement must be used for any work covered by Federal pipeline safety rules. This is the most comprehensive agreement. Other agreements are derived from this agreement. Use this agreement when and if unsure of which one to use.</p>	
<p>SHORT FORM GENERAL SERVICES AGREEMENT FOR CONSTRUCTION, MAINTENANCE, SERVICES, AND MATERIALS (SFGSA)</p>	<p>Used for maintenance, repair and miscellaneous service work that is low dollar, low risk, and repetitive in nature.</p>	<p>Building maintenance and repairs such as painting, cleaning services, carpeting, carpentry, and grounds keeping</p>
<p>PROFESSIONAL SERVICES AGREEMENT</p>	<p>Used for professional and business consulting that may result in high dollar expenditures (\$1,000,000 or greater for a single project or total of multiple projects) or high risk.</p>	<p>Business process consulting, technical services, special project professionals, and training service providers</p>

Purchasing Document Type	Selection Criteria or Applicability	Example
SHORT FORM PROFESSIONAL SERVICES AGREEMENT (SFPSA)	Used for service activities as described for the PSA except for lower dollar expenditures and limited risk.	Expert witness, technical services, and specialized process or program expertise
DESIGN CONSULTING SERVICES (DCA)	Used for engineering, consulting, and architectural development and design service work requiring professional certification.	Major construction projects and environmental remediation design.
ENGINEERING SERVICES AGREEMENT (ESA)	Used for general engineering services including, but not limited to, inspections, quality assurance, studies and reports, project management and coordination, analysis and consulting. This agreement <u>should not</u> be used for design or architectural work requiring professional certification.	Constructability review
INFORMATION TECHNOLOGY PROFESSIONAL	Used for information technology	IT application programming

Purchasing Document Type	Selection Criteria or Applicability	Example
SERVICES AGREEMENT (IT)	programming, maintenance, software licenses and consulting work	
MATERIALS AND EQUIPMENT AGREEMENT (MEA)	Used for the purchase of materials and equipment for technical and specialized usage.	Engineered equipment
GENERAL AGREEMENT FOR THE PROCUREMENT OF SOFTWARE LICENSES AND	Used for the purchase of information technology software licenses and maintenance.	Software license purchases or software maintenance purchases.
INDEPENDENT CONTRACTOR AGREEMENT (ICA)	Used for individuals that provide specific work. Use of this agreement is limited to an exception to HR's Hiring Independent Contractors Policy.	Specialized consulting

7.2 Custom Agreements

At various times it may be necessary to utilize the supplier's form of agreement. In these instances Procurement Operations shall use the Purchasing Documents as a benchmark for negotiating appropriate terms and conditions. In all instances, use of supplier's form of agreement shall be routed for approval through the appropriate NiSource departments.

7.3 Evergreen Agreement

Some agreements include an "evergreen" provision – i.e., an automatic renewal clause that results in an agreement's term continuing indefinitely until one party or the other terminates the agreement, usually through written notice prior to the end of the initial term or any renewal term. This type of agreement is not the preferred form of agreement between NiSource and suppliers. In an effort to eliminate this type of agreement, Procurement Operations shall review evergreen agreements to determine if appropriate terms and conditions exist or if it is in NiSource's interests to terminate the evergreen agreement and execute the appropriate NiSource Purchasing Document.

7.4 Purchasing Document Administration (authorized signature, registration, filing, and retention)

This section contains procedures relating to the administrative aspects of Purchasing Document execution, supplier-submitted paper documents, distribution, reporting, retention, and filing and storage.

7.4.1 Authorized Signatory

Only authorized personnel shall sign agreements on behalf of NiSource Corporate Services Company. Each party's authorized person's name and official title shall be typed on the appropriate Purchasing Document or Purchasing Authorization Document. The VP of Supply Chain typically signs the Procurement Document after it has been signed by the supplier.

7.4.2 Purchasing Document Execution

For Purchasing Documents to be classified in the applicable contract management application as fully executed, the Purchasing Document needs to meet the following parameters prior to signature.

- (a) All internal approvals must be complete and documented in the contract management tool (Legal, Risk Management, Audit, Tax and any key Business Unit Stakeholders).
- (b) Any modifications made by the supplier to the Purchasing Document shall be reviewed by the appropriate Procurement Operations Manager and Director of Procurement Operations prior to signature by the VP of Supply Chain.
- (c) Supplier returns two signed printed versions of the final Purchasing Document.
- (d) Once complete, Purchasing Documents will be uploaded into the appropriate contract management tool and will be filed at a central location which is consistent with the Corporate Document Retention Policy.

7.4.3 Purchasing Document Filing

Procurement Operations shall record all Purchasing Documents within the appropriate contract management tool along with the appropriate documentation, including, but not limited to, a final redlined version showing changes to the standard Purchasing Document form, any reviews and approvals, Purchasing Document overview with agreement type and number, supplier information, Purchasing Document start and end date, and all other required information for the agreement database.

7.5 Legal, Risk Management, Audit, Business Unit and Tax Review Approval

Procurement Operations shall receive guidance and approval for requested supplier modifications from Legal, Risk Management, Audit, Business Units and Tax. Departmental representatives will be responsible for assuring that the requested supplier modifications to Purchasing Documents are reviewed.

- (a) Legal will review all modified Purchasing Documents. Risk Management, Audit, and Tax shall review modified Purchasing Documents as necessary.
- (b) Any Purchasing Document that incorporates any supplier documents or modified legal terms and conditions other than those listed in the approved Purchasing Documents shall be reviewed as necessary by Legal, Risk Management, Audit and Tax as appropriate.
- (c) Legal must review Purchasing Documents between NiSource and its affiliates.
- (d) Any new or revised versions of the Purchasing Documents must be approved by Legal, Risk Management, Audit and Tax. Any new or revised versions of the Purchasing Documents shall be maintained in the appropriate contract management tool. The current revision date of the Purchasing Document shall be clearly noted in the footer of each Purchasing Document.

7.6 Insurance Verification

Supply Chain will utilize selected tools to ensure required insurance coverage is maintained by all suppliers.

7.7 Purchasing Document Closeout

Supply Chain will ensure all completed or terminated Purchasing Documents including Statements of Work (SOW's) and Purchasing Authorization Documents are appropriately closed. This process requires

coordination between Procurement Operations, Accounts Payable, Business Unit, Audit and the supplier.

7.8 Termination

Procurement Operations will collaborate with the Business Units, Legal, Risk Management, and Audit to review Purchasing Document clauses regarding termination for convenience or cause when business conditions or supplier performance warrants such action. Procurement Operations shall properly document all actions taken.

7.9 Purchasing Document Retention

Procurement Operations shall retain all Purchasing Documents in accordance with NiSource's Corporate Records Retention Policy

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

50. Provide a detailed analysis of expenses for professional services during the most recent 12-month period for which information is available at the time the application is filed, as shown in Schedule 50, and all workpapers supporting the analysis. At a minimum, the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the services provided.

Response:

Please refer to Attachment A of the response for a breakdown of professional services expenses for the twelve months ending April 30, 2013 in the format of Schedule 50. Please refer to Attachment B for a workpaper providing additional details regarding the expenses.

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Professional Services Expenses
For the Twelve Months Ended April 30, 2013

Line No.	Item (a)	Rate Case (b)	Annual Audit (c)	Other (d)	Total (e)
1.	Legal	3,243			3,243
2.	Engineering			113,083	113,083
3.	Accounting		143,191		143,191
4.	Other	74,911		220,418	295,329
5.	Total	78,153	143,191	333,502	554,846

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 Professional Services Expenses Detail
 For the Twelve Months Ended April 30, 2013

Co	Year	Mo	Voucher	Date	Acct	Category	CE	Amount	Vendor	Vendor ID	Invoice	Description
CKY	12	5	SPL-03-005	5/31/2012	923	Annual Audit - Accounting	3C01	11,571.00	Deloitte	Various	Various	Auditing Services
CKY	12	5	SPL-03-017	5/31/2012	923	Annual Audit - Accounting	3C01	684.00	Deloitte	Various	Various	Auditing Services
CKY	12	6	SPL-03-005	6/30/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	12	7	SPL-03-005	7/31/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	12	7	SPL-03-017	7/31/2012	923	Annual Audit - Accounting	3C01	1,415.50	Deloitte	Various	Various	Auditing Services
CKY	12	8	SPL-03-005	8/31/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	12	9	SPL-03-005	9/30/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	12	10	SPL-03-005	10/31/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	12	10	SPL-03-017	10/31/2012	923	Annual Audit - Accounting	3C01	1,138.00	Deloitte	Various	Various	Auditing Services
CKY	12	11	SPL-03-005	11/30/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	12	12	SPL-03-005	12/31/2012	923	Annual Audit - Accounting	3C01	10,130.00	Deloitte	Various	Various	Auditing Services
CKY	13	1	SPL-03-005	1/31/2013	923	Annual Audit - Accounting	3C01	12,544.00	Deloitte	Various	Various	Auditing Services
CKY	13	1	SPL-03-017	1/31/2013	923	Annual Audit - Accounting	3C01	1,138.00	Deloitte	Various	Various	Auditing Services
CKY	13	2	SPL-03-005	2/28/2013	923	Annual Audit - Accounting	3C01	12,544.00	Deloitte	Various	Various	Auditing Services
CKY	13	3	SPL-03-005	3/31/2013	923	Annual Audit - Accounting	3C01	12,544.00	Deloitte	Various	Various	Auditing Services
CKY	13	3	SPL-03-005	3/31/2013	923	Annual Audit - Accounting	3C01	162.00	Deloitte	Various	Various	Auditing Services
CKY	13	3	SPL-03-017	3/31/2013	923	Annual Audit - Accounting	3C01	4,644.00	Deloitte	Various	Various	Auditing Services
CKY	13	4	SPL-03-005	4/30/2013	923	Annual Audit - Accounting	3C01	12,544.00	Deloitte	Various	Various	Auditing Services
CKY	13	4	SPL-03-017	4/30/2013	923	Annual Audit - Accounting	3C01	1,120.00	Deloitte	Various	Various	Auditing Services
CKY	13	4	SPL-03-017	4/30/2013	923	Annual Audit - Accounting	3C06	232.61	Deloitte	Various	Various	Auditing Services
CKY	12	12	A/P-01-001	12/21/2012	880	Other - Engineering	3C15	187.58	FM Solutions	100046114	FMSFC007611A	ROI Analysis
CKY	13	4	A/P-01-001	4/29/2013	886	Other - Engineering	3C15	200.00	FM Solutions	100046114	FMSFC007340	Facility Assessment
CKY	12	8	SPL-03-017	8/31/2012	923	Other - Engineering	3C01	2,133.43	IBM	2000021493	0712TNI	Consulting
CKY	12	9	SPL-03-017	9/30/2012	923	Other - Engineering	3C01	2,177.98	IBM	2000021493	0812TNI	Consulting
CKY	12	10	SPL-03-017	10/31/2012	923	Other - Engineering	3C01	2,153.48	IBM	2000021493	0912TNI	Consulting
CKY	12	11	SPL-03-017	11/30/2012	923	Other - Engineering	3C01	3,125.43	IBM	2000021493	1012TNI	Consulting
CKY	12	12	SPL-03-017	12/31/2012	923	Other - Engineering	3C01	2,183.96	IBM	2000021493	1112TNI	Consulting
CKY	13	1	SPL-03-017	1/31/2013	923	Other - Engineering	3C01	3,817.62	IBM	2000021493	1212TNI	Consulting
CKY	13	2	SPL-03-017	2/28/2013	923	Other - Engineering	3C01	1,415.47	IBM	2000021493	0113TNI	Consulting
CKY	13	3	SPL-03-017	3/31/2013	923	Other - Engineering	3C01	2,198.01	IBM	2000021493	0213TNI	Consulting
CKY	13	4	SPL-03-017	4/30/2013	923	Other - Engineering	3C01	2,802.83	IBM	2000021493	0313TNI	Consulting
CKY	12	7	A/P-01-001	7/17/2012	923	Other - Engineering	3C10	12,750.00	Matrix Group Inc	100045749	13267MX	Research Survey - Choice Program
CKY	12	7	A/P-01-001	7/19/2012	923	Other - Engineering	3C10	267.00	Matrix Group Inc	100045749	13297MX	Research Survey
CKY	13	1	A/P-01-001	1/7/2013	923	Other - Engineering	3C10	133.55	Matrix Group Inc	100045749	13362MX	Research Survey
CKY	12	7	I/C-34-006	7/31/2012	892	Other - Engineering	3C10	306.99	Meekins Resource	100044600	9	Consulting
CKY	12	8	I/C-34-006	8/31/2012	892	Other - Engineering	3C10	123.71	Meekins Resource	100044600	10	Consulting
CKY	12	11	I/C-34-006	11/30/2012	892	Other - Engineering	3C10	130.35	Meekins Resource	100044600	11	Consulting
CKY	12	12	I/C-34-006	12/31/2012	892	Other - Engineering	3C10	78.89	Meekins Resource	100044600	12	Consulting
CKY	13	4	I/C-34-006	4/30/2013	892	Other - Engineering	3C10	120.05	Meekins Resource	100044600	13	Consulting
CKY	12	11	A/P-01-001	11/27/2012	880	Other - Engineering	3C23	1,596.25	Midwest Environment	100046064	2468IN	Consulting
CKY	12	12	A/A-99-002	12/31/2012	887	Other - Engineering	3C10	728.68	RCP Inc	100045920	Various	Consulting
CKY	12	12	A/A-99-002	12/31/2012	887	Other - Engineering	3C10	728.68	RCP Inc	100045920	Various	Consulting
CKY	12	12	A/A-99-002	12/31/2012	887	Other - Engineering	3C10	5,364.18	RCP Inc	100045920	Various	Consulting
CKY	12	12	A/A-99-002	12/31/2012	887	Other - Engineering	3C10	16,675.47	RCP Inc	100045920	Various	Consulting
CKY	12	12	A/A-99-002	12/31/2012	887	Other - Engineering	3C10	33,350.92	RCP Inc	100045920	Various	Consulting
CKY	13	2	A/P-01-001	2/6/2013	887	Other - Engineering	3C10	3,234.95	RCP Inc	100045920	5950201101	Consulting
CKY	13	2	A/P-01-001	2/6/2013	887	Other - Engineering	3C10	6,470.19	RCP Inc	100045920	5950201101	Consulting
CKY	13	2	I/C-38-006	2/28/2013	887	Other - Engineering	3C10	154.13	RCP Inc	100045920	5950801101	Consulting
CKY	13	2	I/C-38-006	2/28/2013	887	Other - Engineering	3C10	308.27	RCP Inc	100045920	5950801101	Consulting
CKY	13	2	I/C-38-006	2/28/2013	887	Other - Engineering	3C10	378.46	RCP Inc	100045920	59502101012	Consulting
CKY	13	2	I/C-38-006	2/28/2013	887	Other - Engineering	3C10	756.93	RCP Inc	100045920	59502101012	Consulting
CKY	13	3	A/P-01-001	3/4/2013	887	Other - Engineering	3C10	175.00	RCP Inc	100045920	5950202121	Consulting
CKY	13	3	A/P-01-001	3/4/2013	887	Other - Engineering	3C10	350.00	RCP Inc	100045920	5950202121	Consulting

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Professional Services Expenses Detail
For the Twelve Months Ended April 30, 2013

Co	Year	Mo	Voucher	Date	Acct	Category	CE	Amount	Vendor	Vendor ID	Invoice	Description	
CKY	13	3	I/C-38-006	3/31/2013	887	Other - Engineering	3C10	357.14	RCP Inc	100045920	5950802121	Consulting	
CKY	13	3	I/C-38-006	3/31/2013	887	Other - Engineering	3C10	714.29	RCP Inc	100045920	5950802121	Consulting	
CKY	13	4	A/P-01-001	4/11/2013	887	Other - Engineering	3C10	332.50	RCP Inc	100045920	59502030713	Consulting	
CKY	13	4	A/P-01-001	4/11/2013	887	Other - Engineering	3C10	665.00	RCP Inc	100045920	59502030713	Consulting	
CKY	13	4	I/C-38-006	4/30/2013	887	Other - Engineering	3C10	127.70	RCP Inc	100045920	59508030713	Consulting	
CKY	13	4	I/C-38-006	4/30/2013	887	Other - Engineering	3C10	255.31	RCP Inc	100045920	59508030713	Consulting	
CKY	12	8	A/P-01-001	8/3/2012	923	Other - Engineering	3C10	65.00	Strictly Spanish LLC	100016134	907041	Translation Services	
CKY	12	6	I/C-34-006	6/30/2012	923	Other - Engineering	3C10	422.64	URS Corporation	100006130	5096755	Planning & Management Consulting	
CKY	12	8	I/C-34-006	8/31/2012	923	Other - Engineering	3C10	172.27	URS Corporation	100006130	5169216	Planning & Management Consulting	
CKY	12	8	I/C-34-006	8/31/2012	923	Other - Engineering	3C10	359.38	URS Corporation	100006130	5203967	Planning & Management Consulting	
CKY	12	10	I/C-34-006	10/31/2012	923	Other - Engineering	3C10	470.84	URS Corporation	100006130	5228663	Planning & Management Consulting	
CKY	12	10	I/C-34-006	10/31/2012	923	Other - Engineering	3C10	1,318.96	URS Corporation	100006130	5271326	Planning & Management Consulting	
CKY	12	12	I/C-34-006	12/31/2012	923	Other - Engineering	3C10	225.24	URS Corporation	100006130	5365186	Planning & Management Consulting	
CKY	13	2	I/C-34-006	2/28/2013	923	Other - Engineering	3C10	295.84	URS Corporation	100006130	5380446	Planning & Management Consulting	
CKY	13	3	I/C-34-006	3/31/2013	923	Other - Engineering	3C10	609.37	URS Corporation	100006130	5409989	Planning & Management Consulting	
CKY	13	4	I/C-34-006	4/30/2013	923	Other - Engineering	3C10	113.54	URS Corporation	100006130	5443132	Planning & Management Consulting	
CKY	12	12	A/P-01-001	12/20/2012	923	Other - Other	3C06	10,640.50	Lexington-Fayette	800000194	20123	Cost Share Audit - Franchise Fee Agreement	
CKY	12	5	SPL-03-017	5/31/2012	923	Other - Other	3C10	6,308.02	Various	Various	Various	Financial Transformation Expenses	
CKY	12	6	SPL-03-017	6/30/2012	923	Other - Other	3C10	8,904.77	Various	Various	Various	Financial Transformation Expenses	
CKY	12	7	SPL-03-017	7/31/2012	923	Other - Other	3C10	14,138.43	Various	Various	Various	Financial Transformation Expenses	
CKY	12	8	SPL-03-017	8/31/2012	923	Other - Other	3C10	10,412.62	Various	Various	Various	Financial Transformation Expenses	
CKY	12	9	SPL-03-017	9/30/2012	923	Other - Other	3C10	14,394.31	Various	Various	Various	Financial Transformation Expenses	
CKY	12	10	SPL-03-017	10/31/2012	923	Other - Other	3C10	9,537.46	Various	Various	Various	Financial Transformation Expenses	
CKY	12	11	SPL-03-017	11/30/2012	923	Other - Other	3C10	8,224.99	Various	Various	Various	Financial Transformation Expenses	
CKY	12	12	SPL-03-017	12/31/2012	923	Other - Other	3C10	26,039.72	Various	Various	Various	Financial Transformation Expenses	
CKY	13	1	SPL-03-017	1/31/2013	923	Other - Other	3C10	15,922.99	Various	Various	Various	Financial Transformation Expenses	
CKY	13	2	SPL-03-017	2/28/2013	923	Other - Other	3C10	15,121.46	Various	Various	Various	Financial Transformation Expenses	
CKY	13	3	SPL-03-017	3/31/2013	923	Other - Other	3C10	27,069.69	Various	Various	Various	Financial Transformation Expenses	
CKY	13	4	SPL-03-017	4/30/2013	923	Other - Other	3C10	26,703.21	Various	Various	Various	Financial Transformation Expenses	
CKY	12	5	A/P-01-001	5/14/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	050212	Lobbying Services	
CKY	12	6	A/P-01-001	6/19/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	060212	Lobbying Services	
CKY	12	7	A/P-01-001	7/17/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	070112	Lobbying Services	
CKY	12	8	A/P-01-001	8/17/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	080212	Lobbying Services	
CKY	12	9	A/P-01-001	9/17/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	090112	Lobbying Services	
CKY	12	10	A/P-01-001	10/15/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	100112	Lobbying Services	
CKY	12	11	A/P-01-001	11/16/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	110112	Lobbying Services	
CKY	12	12	A/P-01-001	12/14/2012	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	120112	Lobbying Services	
CKY	13	1	A/P-01-001	1/10/2013	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	10113	Lobbying Services	
CKY	13	2	A/P-01-001	2/13/2013	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	20213	Lobbying Services	
CKY	13	3	A/P-01-001	3/14/2013	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	030213	Lobbying Services	
CKY	13	4	A/P-01-001	4/10/2013	923	Other - Other	3C10	2,250.00	Whitehouse Riddle	100019471	040113	Lobbying Services	
CKY	13	4	SPL-03-017	4/30/2013	928	Rate Case - Legal	3C10	3,242.50	Whitt Sturtevant LLP	2000061673	10393	Legal Services	
CKY	13	2	A/P-01-001	2/28/2013	928	Rate Case - Other	3C10	11,640.00	Black and Veatch Co	100018851	1154437	Class Cost of Service Study and Rate Design	
CKY	13	4	A/P-01-001	4/12/2013	928	Rate Case - Other	3C10	14,080.00	Black and Veatch Co	100018851	1157350	Class Cost of Service Study and Rate Design	
CKY	13	4	A/P-99-002	4/30/2013	928	Rate Case - Other	3C10	24,642.50	Black and Veatch Co	100018851	1158911	Class Cost of Service Study and Rate Design	
CKY	13	2	A/P-01-001	2/20/2013	928	Rate Case - Other	3C10	6,860.00	Gannett Fleming Com	100003467	567041301028	Depreciation Study	
CKY	13	3	A/P-01-001	3/18/2013	928	Rate Case - Other	3C10	11,146.26	Gannett Fleming Com	100003467	56704130231	Depreciation Study	
CKY	13	4	A/P-01-001	4/15/2013	928	Rate Case - Other	3C10	6,542.20	Gannett Fleming Com	100003467	567041303038	Depreciation Study	
								554,846.20					

Note: Rate case expenses are initially charged to Account 928 Cost Element 3C10 and immediately reclassified to a regulatory asset using a separate cost element category.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

51. Provide the following information. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

a. A detailed analysis of charges booked for advertising expenditures during the most recent 12-month period for which information is available at the time the application is filed. Include a complete breakdown of Account No. 913 — Advertising Expenses, and any other advertising expenditures included in any other expense accounts, as shown in Schedule 51a. The analysis should specify the purpose of the expenditure and the expected benefit to be derived.

b. An analysis of Account No. 930 — Miscellaneous General Expenses for the most recent 12-month period for which information is available at the time the application is filed. Include a complete breakdown of this account as shown in Format 51b and provide detailed workpapers supporting this analysis. At a minimum, the analysis should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule 51b.

c. An analysis of Account No. 426 — Other Income Deductions for the most recent 12-month period for which information is available at the time the application is filed. Include a complete breakdown of this account as shown in Schedule 51c, and provide detailed workpapers supporting this analysis. At a minimum, the analysis should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and brief description of each expenditure of \$500 or more, provided that lesser items are grouped by classes as shown in Schedule 51c.

Response:

Part 51a: Please refer to Attachment A for the Company's analysis and workpapers of Advertising (Including Account 913).

Part 51b: Please refer to Attachment B for the Company's analysis and workpapers of Account 930.

Part 51c: Please refer to Attachment C for the Company's analysis and workpapers of Account 426.

Respondent: S. Mark Katko

Schedule 51a

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 Analysis of Advertising Expenses (Accounts 908 & 921)
 & (Including Account 913)

Line No.	Item (a)	Sales or Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)	Rate Case (e)	Other (f)	Total (\$) (g)
1	Newspaper	-	-	-	-	-	-
2	Magazines and Other	23,263	-	11,459	-	17,607	52,329
3	Television	-	-	-	-	-	-
4	Radio	14,156	-	47,927	-	-	62,083
5	Direct Mail	(741)	-	42,880	-	2,035	44,174
6	Sales Aids	1,137	-	-	-	-	1,137
7	Total	37,815	-	102,266	-	19,642	159,723
8	Amount Assigned to Kentucky Jurisdictional	37,815	-	102,266	-	19,642	159,723

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Accounts 908 and 921
 Twelve Months Ended April 30, 2013

Summary of Items by Month for Accounts 908 and 921 (Advertising)

Line No.	Month / Year	Item / Media							Total
		Magazines & Other			Radio	Direct Mail		Sales Aid	
		Conservation (\$)	Other (\$)	Duplicate Entry	Conservation (\$)	Conservation (\$)	Other (\$)	Sales or Promotional Advertising (\$)	
1	May 2012	184	5,135	-	-	871	-	-	6,190
2	June 2012	-	-	-	-	-	-	-	-
3	July 2012	-	1,000	-	-	-	-	319	1,319
4	August 2012	-	1,500	-	-	-	-	-	1,500
5	September 2012	-	-	-	-	-	-	148	148
6	October 2012	-	2,500	-	-	-	-	670	3,170
7	November 2012	-	500	-	-	-	-	-	500
8	December 2012	10,575	3,085	700	47,927	42,009	-	-	104,296
9	January 2013	-	387	-	-	-	2,035	-	2,422
10	February 2013	-	-	-	-	-	-	-	-
11	March 2013	-	3,500	-	-	-	-	-	3,500
12	April 2013	-	-	-	-	-	-	-	-
13	Total	10,759	17,607	700	47,927	42,880	2,035	1,137	123,045

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 913
Twelve Months Ended April 30, 2013

Summary of Items by Month for Account 913 (Advertising)

Line No.	Month / Year	Item / Media						Total
		Newspaper	Magazines & Other	Television	Radio	Direct Mail	Sales Aids	
		Sales or Promotional Advertising						
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
1	May 2012	-	3,150	-	-	2,293	-	5,443
2	June 2012	-	-	-	-	-	-	-
3	July 2012	-	2,300	-	-	(12,011)	-	(9,711)
4	August 2012	-	84	-	-	-	-	84
5	September 2012	-	1,383	-	-	-	-	1,383
6	October 2012	-	3,231	-	-	-	-	3,231
7	November 2012	-	3,470	-	10,260	1,500	-	15,230
8	December 2012	-	2,999	-	-	3,104	-	6,103
9	January 2013	-	1,181	-	-	-	-	1,181
10	February 2013	-	-	-	-	-	-	-
11	March 2013	-	1,475	-	776	3,824	-	6,075
12	April 2013	-	3,990	-	3,120	550	-	7,660
13	Total	-	23,263	-	14,156	(740)	-	36,678

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	20120508	A/P-01-001	921	9320	07600	2610	Lexington PAL, Inc.	Sponsor - Crime Prevention through Recreation (Company Banner)	Other	Other	500.00
2	20120508	A/P-01-001	921	9320	07600	2610	CASA of Lexington	5th Annual 'Run For Kids' Sake" (Company Name & Logo on Registration Forms) Emphasis on safety for children	Other	Other	500.00
3	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise General Ad - Mayor's Commission for Citizens with Disabilities: (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	40.00
4	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise Appliance Rebate - Direct Mail (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Direct Mail	Conservation	870.90
5	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise General Ad - Mayor's Commission for Citizens with Disabilities (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	40.00

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
6	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise General Ad - Mayor's Commission for Citizens with Disabilities: (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	40.00
7	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise General Print Update (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	21.25
8	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise Appliance Rebate Ad - Lifestyle Magazine (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Magazine	Conservation	1,384.74
9	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise General Print Update (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	21.25
10	20120517	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise General Print Update (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	21.25
11	20120522	A/P-01-001	921	9320	07600	2610	Woodford Humane Society	"Freedom Fest 2012 Designer Meet & Greet" Sponsorship" -- Support	Other	Other	500.00
12	20120523	A/P-01-001	921	9320	07600	2610	Get Healthy Kentucky	Main Stage Sponsor - 2nd Sunday - support healthy living	Other	Other	1,000.00

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
13	20120529	A/P-01-001	921	9320	07600	2610	Lexington Challenger Charity Tennis, Inc.	2012 Tournament - support	Other	Other	1,250.00
14	20120710	A/P-01-001	921	9351	07600	2610	Bill Straus Photography, Inc.	Color portrait of Kimra Cole for Columbia Gas of Kentucky publicity and promotion use	Sales Aids	Sales & Promotional Advertising	318.75
15	20120712	A/P-01-001	921	9320	07600	2610	Lexington Bluegrass Minority Business Expo	Sponsorship - Tenth Annual Minority Business Expo	Other	Other	1,000.00
16	20120828	A/P-01-001	921	9320	07600	2610	Down Syndrome Association of KY	Silver Sponsor "Buddy Walk 2012" - support	Other	Other	500.00
17	20120829	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	KY Chamber of Commerce Washington Fly-In Program	Other	Other	1,000.00
18	20120917	A/P-01-001	921	9351	07600	2610	Bill Straus Photography, Inc.	Portrait of Tyler Hamilton for Columbia Gas promotion and publicity use	Sales Aids	Sales & Promotional Advertising	148.00
19	20121002	A/P-01-001	921	9320	07600	2610	Commerce Lexington	Washington Fly-In Program 2013	Other	Other	2,500.00
20	20121012	A/P-01-001	908	9351	05690	2615	Accuprint Inc.	Note Sheets	Sales Aids	Sales & Promotional Advertising	669.92
21	20121107	A/P-01-001	921	9320	07600	2610	Montgomery County Council For The Arts	Sponsorship for the 26th Annual Advent Musicales (cultural enrichment)	Other	Other	500.00
22	20121210	A/P-01-001	921	9320	07600	2610	Commerce Lexington, Inc.	Opportunity Exchange 2013	Other	Other	2,500.00
23	20121210	A/P-01-001	921	9351	07600	2610	Campus Maps, Inc.	Business Directory Line Listing on Campus Map & Visitors Guide (Company contact information i.e. Emergency)	Other	Other	150.00

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
24	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WUKY FM - WarmWise Radio (Lexington-Fayette) (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Radio	Conservation	6,588.23
25	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Poverty Forum Ad	Other	Other	220.00
26	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise Fall Consumer Direct Mail (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Direct Mail	Conservation	11,497.19
27	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WUKY FM - WarmWise Radio (Lexington-Fayette) (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Radio	Conservation	11,910.08
28	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WUKY FM - WarmWise Radio (Lexington-Fayette) (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Radio	Conservation	13,190.08
29	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Urban League Event Program	Other	Other	120.00
30	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WUKY FM - WarmWise Radio (Lexington-Fayette) (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Radio	Conservation	15,882.35

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
31	20121214	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise Fall Consumer Direct Mail (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Direct Mail	Conservation	11,497.20
32	20121214	A/P-01-001	921	9370	07600	2610	Sheehy And Associates	Children's Advocacy Center Program Ad (Support to children)	Other	Other	95.00
33	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Consumer Direct Mail - Home Energy Check-Up Campaign	Direct Mail	Conservation	16,158.03
34	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall On-Line - Home Energy Check-Up Campaign	Other	Conservation	1,280.00
35	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Print Ad - Home Energy Check-Up Campaign	Other	Conservation	740.00
36	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Dealer Direct Mail - Home Energy Check-Up Campaign	Direct Mail	Conservation	997.00
37	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	20th Anniversary African American Ball - Home Energy Check-Up Campaign	Other	Conservation	600.00
38	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Bill Insert - Home Energy Check-Up Campaign	Direct Mail	Conservation	1,860.00
39	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	WarmWise Flyer - Home Energy Check-Up Campaign (Emphasis on the opportunity for customers to better manage their energy consumption and save money on their energy bills)	Other	Conservation	3,543.00

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
40	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Mail Backlit Panel - Home Energy Check-Up Campaign	Other	Conservation	1,635.00
41	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Duplicate Entry of Ref No. 44	Other	Conservation	700.00
42	20121218	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Mail Door Cling - Home Energy Check-Up Campaign (Emphasis on	Other	Conservation	2,077.18
43	20121221	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Radio - Home Energy Check-Up Campaign	Radio	Conservation	356.00
44	20121227	A/P-01-001	908	9370	05690	2615	Sheehy And Associates	Fall Email Template - Home Energy Check-Up Campaign	Other	Conservation	700.00
45	20130110	A/P-01-001	908	9351	05690	2615	Marketing Services By Vectra	December Insert - Safety Information	Direct Mail	Other	2,035.40
46	20130125	A/P-01-001	921	9315	07600	2610	Promotions By Design LLC	Press N Stick 12 Month Calendar (Emphasis on "Safety")	Other	Other	386.99
47	20130305	A/P-01-001	921	9320	07600	2610	Jenny Wiley Theatre (Non-Profit)	Show Sponsorship (cultural enrichment)	Other	Other	1,000.00
48	20130305	A/P-01-001	921	9320	07600	2610	Woodford Humane Society	"Bone Appetite Day Designer Meet & Greet" Sponsorship" Support	Other	Other	500.00
49	20130311	A/P-01-001	921	9320	07600	2610	Fayette County Public Schools	School "2013 Retirement Celebration" - supporting community	Other	Other	500.00
50	20130313	A/P-01-001	921	9320	07600	2610	Women Leading Kentucky	Conference (Supporting Women Leaders in Community)	Other	Other	1,500.00
51	Total All Accounts 908 and 921										123,044.79

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

(Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 908 and Account 921

Period: Twelve Months Ended April 30, 2013

Ref. No.	Effective Date YYYY / MM / DD	Journal ID	Gen	CE	Activ	TCC	Vendor	Description and/or Benefit	Line Item Media	Column Item Purpose	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Summary of Accounts 908 and 921 by Item											
52								Total:		Magazines & Other (Includes Duplicate Entry)	29,065.66
53								Total:		Radio	47,926.74
54								Total:		Direct Mail	44,915.72
55								Total:		Sales Aid	1,136.67
56								Total:		Accounts 908 and 921	123,044.79

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper for PSC DR Set 1, No. 051a) Advertising Analysis -- Account 913
 Period: Twelve Months Ended April 30, 2013

Line No.	Year / Month	Direct Mail (1)	Radio (2)	Magazines and Other					Total (8)	
				Marketing (3)	Online Banner Ads (4)	Print Materials (5)	Sponsor Home Builders Lexington (6)	Promotional Items (7)		
1	2012 May	\$ 2,292.84	\$ -	\$ 1,250.00	\$ 1,750.00	\$ 150.00	\$ -	\$ -	\$ 5,442.84	
2	2012 June	-	-	-	-	-	-	-	-	
3	2012 July	(12,010.94)	-	-	1,750.00	550.00	-	-	(9,710.94)	
4	2012 August	-	-	-	-	83.68	-	-	83.68	
5	2012 September	-	-	-	-	58.50	-	1,325.00	1,383.50	
6	2012 October	-	-	1,250.00	1,981.25	-	-	-	3,231.25	
7	2012 November	1,500.00	10,260.00	-	1,750.00	-	1,720.00	-	15,230.00	
8	2012 December	3,103.90	-	-	-	1,333.33	-	1,665.31	6,102.54	
9	2013 January	-	-	-	-	1,180.84	-	-	1,180.84	
10	2013 February	-	-	-	-	-	-	-	-	
11	2013 March	3,823.95	775.83	1,250.00	-	225.00	-	-	6,074.78	
12	2013 April	<u>549.77</u>	<u>3,120.00</u>	<u>1,250.00</u>	<u>687.50</u>	<u>2,052.24</u>	<u>-</u>	<u>-</u>	<u>7,659.51</u>	
13	Total	(740.48)	14,155.83	5,000.00	7,918.75	5,633.59	1,720.00	2,990.31	36,678.00	
Summary of Account 913 by Item										
14							Total:	Magazines & Other	23,262.65	
15							Total:	Radio	14,155.83	
16							Total:	Direct Mail	(740.48)	
17							Total:	Account 913	36,678.00	

Schedule 51b

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167

Analysis of Account No. 930 Miscellaneous General Expenses
 For The Twelve Months Ended April 30, 2013

Line No.	Item (a)	Amount (\$) (b)
1	Industry Association Dues	47,270
2	Stockholder and Debt Service Expenses	
3	Institutional Advertising	
4	Conservation Advertising	
5	Rate Department Load Studies	
6	Director's Fees and Expenses	
7	Dues and Subscriptions	
8	Rent Allocation For NiSource Corporate Services	(77,196)
9	Miscellaneous	172
10	Total	(29,754)
11	Amount Assigned to Kentucky Jurisdictional	(29,754)

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpapers) Analysis of Account No. 930 Miscellaneous General Expenses
 Twelve Months Ended April 30, 2013

Summary of Items by Month

Line No.	Item	May-12 (\$)	Jun-12 (\$)	Jul-12 (\$)	Aug-12 (\$)	Sep-12 (\$)	Oct-12 (\$)	Nov-12 (\$)	Dec-12 (\$)	Jan-13 (\$)	Feb-13 (\$)	Mar-13 (\$)	Apr-13 (\$)	Total (\$)
1	Industry Association Dues	-	-	11,970	-	1,914	11,970	-	-	-	10,708	-	10,708	47,270
2	Stockholder and Debt Service Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Institutional Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Conservation Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Rate Department Load Studies	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Director's Fees and Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Dues and Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Rent Allocation For NiSource Corporate Services	(2,381)	(2,381)	(2,381)	(2,381)	(2,381)	(2,381)	(2,381)	(2,381)	(2,381)	(2,381)	(38,849)	(14,537)	(77,196)
9	Miscellaneous (Total)	19,147	14,619	(33,766)	-	-	-	-	-	-	-	172	-	172
10	Total	16,766	12,238	(24,177)	(2,381)	(467)	9,589	(2,381)	(2,381)	(2,381)	8,327	(38,677)	(3,829)	(29,754)
11	Amount Assigned to Kentucky Jurisdictional	16,766	12,238	(24,177)	(2,381)	(467)	9,589	(2,381)	(2,381)	(2,381)	8,327	(38,677)	(3,829)	(29,754)

Respondent: S. Mark Katko

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpapers) Analysis of Account No. 930 Miscellaneous General Expenses
 Twelve Months Ended April 30, 2013

Ref. No. (1)	Effective Date MM / DD / YY (2)	Voucher (3)	GEN (4)	AUX (5)	CE (6)	ACTIV (7)	TCC (8)	Description (9)	Item (10)	Amount \$ (11)
General Account 930, AUX 2000 (Reference Numbers 1 through 10)										
1	05/31/12	SPL-03-017	930	2000	5510	08190	2613	Training (This entry was corrected in 07-31-12)	Miscellaneous (Misclassified)	19,146.80
2	06/30/12	SPL-03-017	930	2000	5510	08190	2613	Training (This entry was corrected in 07-31-12)	Miscellaneous (Misclassified)	14,618.62
3	07/31/12	SPL-03-017	930	2000	5510	08190	2613	American Gas Association (AGA) Dues & Memberships	Industry Association Dues	11,969.96
4	07/31/12	SPL-99-001	930	2000	5510	08190	2613	Correction entry to the 05-31-12 entry on Ref. No. 1	Miscellaneous (Corrections)	(19,146.80)
5	07/31/12	SPL-99-001	930	2000	5510	08190	2613	Correction entry to the 06-30-12 entry on Ref. No. 2.	Miscellaneous (Corrections)	(14,618.62)
6	09/30/12	SPL-03-017	930	2000	5510	08190	2613	American Gas Association (AGA) Dues & Memberships	Industry Association Dues	1,914.00
3	10/31/12	SPL-03-017	930	2000	5510	08190	2613	American Gas Association (AGA) Dues & Memberships	Industry Association Dues	11,969.96
8	02/28/13	SPL-03-017	930	2000	5510	08190	2613	American Gas Association (AGA) Dues & Memberships	Industry Association Dues	10,707.79
9	03/31/13	SPL-03-017	930	2000	5510	08190	2613	Common Ground Alliance (CGA)	Miscellaneous	172.00
10	04/30/13	SPL-03-017	930	2000	5510	08190	2613	American Gas Association (AGA) Dues & Memberships	Industry Association Dues	10,707.79
General Account 930, AUX 2012 (Reference Numbers 11 through 23)										
11	05/31/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)

Respondent: S. Mark Katko

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpapers) Analysis of Account No. 930 Miscellaneous General Expenses
 Twelve Months Ended April 30, 2013

Ref. No. (1)	Effective Date MM / DD / YY (2)	Voucher (3)	GEN (4)	AUX (5)	CE (6)	ACTIV (7)	TCC (8)	Description (9)	Item (10)	Amount \$ (11)
12	06/30/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
13	07/31/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
14	08/31/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
15	09/30/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
16	10/31/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
17	11/30/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
18	12/31/12	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
19	01/31/13	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
20	02/28/13	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
21	03/31/13	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(2,381.00)
22	03/31/13	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services (Tru-up 2013 Allocation))	Rent Allocation for NiSource Corporate Services	(36,468.00)
23	04/30/13	SPL-03-018	930	2012	8990	00141	2610	Rent Allocation for NiSource Corporate Services	Rent Allocation for NiSource Corporate Services	(14,537.00)
24	Total All (AUX 2000 & AUX 2012) : Account 930									(29,754.50)

Respondent: S. Mark Katko

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpapers) Analysis of Account No. 930 Miscellaneous General Expenses
 Twelve Months Ended April 30, 2013

Ref. No. (1)	Effective Date MM / DD / YY (2)	Voucher (3)	GEN (4)	AUX (5)	CE (6)	ACTIV (7)	TCC (8)	Description (9)	Item (10)	Amount \$ (11)
Summary of Account 930 by Item										
25								Total:	Industry Association Dues	47,269.50
26								Total:	Miscellaneous (Misclassified)	33,765.42
27								Total:	Miscellaneous (Corrections)	(33,765.42)
28								Total:	Miscellaneous (Common Ground Alliance)	172.00
29								Total:	Rent Allocation For NiSource Corporate Services	(77,196.00)
30								Total All:	Account 930	(29,754.50)

Respondent: S. Mark Katko

Schedule 51c		
Columbia Gas of Kentucky, Inc. Case No. 2013-00167 Analysis of Account No. 426 -- Other Income Deductions For The Twelve Months Ended April 30, 2013		
Line No.	Item (a)	Amount (\$) (b)
1	Donations	157,910
2	Civic Activities	0
3	Political Activities	9
4	Other	194,743
5	Total	352,662

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Summary of Items by Month

Line No.	Item	May-12 (\$)	Jun-12 (\$)	Jul-12 (\$)	Aug-12 (\$)	Sep-12 (\$)	Oct-12 (\$)	Nov-12 (\$)	Dec-12 (\$)	Jan-13 (\$)	Feb-13 (\$)	Mar-13 (\$)	Apr-13 (\$)	Total (\$)
1	Donations	6,459	3,293	9,209	7,121	12,850	8,000	20,680	44,773	2,413	12,473	7,896	22,743	#####
2	Civic Activities	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Political Activities	-	-	-	-	-	9	-	-	-	-	-	-	9
4	Other	<u>15,583</u>	<u>14,746</u>	<u>16,265</u>	<u>15,757</u>	<u>14,764</u>	<u>19,776</u>	<u>14,897</u>	<u>16,826</u>	<u>15,083</u>	<u>19,138</u>	<u>22,576</u>	<u>9,334</u>	#####
5	Total	22,042	18,039	25,474	22,878	27,614	27,785	35,577	61,599	17,496	31,611	30,472	32,077	#####
6	Amount Assigned to Kentucky Jurisdictional	22,042	18,039	25,474	22,878	27,614	27,785	35,577	61,599	17,496	31,611	30,472	32,077	#####

Respondent: S. Mark Katko

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	Activ	Vendor	Description / Purpose	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Account 426, AUX 1000 (Reference Numbers 1 through 78)									
1	05/03/12	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,009.00
2	05/08/12	A/P-01-001	426	1000	20630	Community Action Council for Lexington-Fayette	Food and give-away items for Community Action month	Donation	500.00
3	05/11/12	A/P-01-001	426	1000	20630	Grace Baptist Church	Tornado Relief Effort	Donation	500.00
4	05/11/12	A/P-01-001	426	1000	20630	Lake Front Church of God	Tornado Relief Effort	Donation	500.00
5	05/18/12	A/P-01-001	426	1000	20630	Commonwealth Fund for KET, Inc.	Promote educational opportunities for people of all walks of life	Donation	1,200.00
6	05/23/12	A/P-01-001	426	1000	20630	Christian Appalachian Project	Contribution - Summer Camp 2012 for Appalachian children inability to pay	Donation	500.00
7	05/23/12	A/P-01-001	426	1000	20630	Kings Daughter Health Foundation	Fund raising effort to help eradicate cancer	Donation	250.00
8	05/29/12	A/P-01-001	426	1000	20630	Girl Scout of Kentucky's Wilderness Road	Builds girls of courage, confidence, and character	Donation	1,000.00
9	06/04/12	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	1,793.00
10	06/29/12	A/P-01-001	426	1000	20630	YMCA of Central Kentucky	Purchasing school supplies to fill backpacks for children in need	Donation	500.00
11	06/29/12	A/P-01-001	426	1000	20630	Roots and Heritage Festival	Contribution - Celebration of African Culture & Achievement	Donation	1,000.00
12	07/03/12	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	1,959.00
13	07/09/12	A/P-01-001	426	1000	20630	YMCA of Central Kentucky	Promote youth development, healthy living, and social responsibility	Donation	500.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	Activ	Vendor	Description / Purpose	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Account 426, AUX 1000 (Reference Numbers 1 through 78)									
14	07/10/12	A/P-01-001	426	1000	20630	University of Kentucky	Student athletic scholarships, academic support and career development	Donation	1,050.00
15	07/11/12	A/P-01-001	426	1000	20630	Just Fund KY	Support the needs of the lesbian, gay, bisexual and transgender community	Donation	1,500.00
16	07/11/12	A/P-01-001	426	1000	20630	Boy Scouts of America Blue Grass Chapter	2012 Friends of Scouting, impact lives of 11,000 + youth	Donation	1,000.00
17	07/18/12	A/P-01-001	426	1000	20630	Leadership Kentucky	Tuition assistance for Leadership Ky Program	Donation	500.00
18	07/19/12	A/P-01-001	426	1000	20630	Florence Crittenden Home	Assistance to unwed mothers and their families	Donation	2,500.00
19	07/26/12	A/P-01-001	426	1000	20630	I believe Foundation	Create a learning, therapeutic environment for disabled children	Donation	200.00
20	08/02/12	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	1,777.00
21	08/13/12	A/P-01-001	426	1000	20630	YMCA Winchester	Meet needs and enhance lives of all individuals and families in Clark County	Donation	500.00
22	08/20/12	A/P-01-001	426	1000	20630	Junior Achievement	Educate youth on business and economics	Donation	1,000.00
23	08/20/12	A/P-01-001	426	1000	20630	Children's Advocacy of the Bluegrass	Reduce trauma experienced by sexually abused children	Donation	3,000.00
24	08/28/12	A/P-01-001	426	1000	20630	Downs Syndrome Association of Central KY	Sponsor "Buddy Walk" for individuals with Downs Syndrome	Donation	500.00
25	08/30/12	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	344.00
26	09/07/12	A/P-01-001	426	1000	20630	The Salvation Army	Annual Kettle Fund	Donation	10,000.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	Activ	Vendor	Description / Purpose	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Account 426, AUX 1000 (Reference Numbers 1 through 78)									
27	09/07/12	A/P-01-001	426	1000	20630	The Salvation Army	Breakfast Roast Kickoff, proceeds used for homeless women and children	Donation	500.00
28	09/17/12	A/P-01-001	426	1000	20630	African American Forum	Support the artistic, cultural, and education achievement of Afr. America.	Donation	2,050.00
29	09/25/12	A/P-01-001	426	1000	20630	Sanders Brown Center on Aging	Improve health of the elderly in Kentucky	Donation	300.00
30	10/09/12	A/P-01-001	426	1000	20630	Bluegrass Tomorrow	Promote growth and preservation planning for Cent. Bluegr. Reg. of KY	Donation	1,500.00
31	10/09/12	A/P-01-001	426	1000	20630	Fraternal Order of Police "4	Shop with a Cop - For Underprivileged Children	Donation	1,000.00
32	10/12/12	A/P-01-001	426	1000	20630	Bluegrass Tomorrow	Promote growth and preservation planning for Cent. Bluegr. Reg. of KY	Donation	500.00
33	10/25/12	A/P-01-001	426	1000	20630	Children's Advocacy Center	Reduce trauma experienced by sexually abused children	Donation	5,000.00
34	11/01/12	A/P-01-001	426	1000	20630	Urban League of LFUCG	Empower African Americans to achieve equality in all aspects of American life	Donation	1,000.00
35	11/01/12	A/P-01-001	426	1000	20630	American Diabetes Association	Educate public in efforts to stop diabetes help those living with diabetes	Donation	500.00
36	11/01/12	A/P-01-001	426	1000	20630	Plantory	Fund social justice mission in Lexington	Donation	250.00
37	11/08/12	A/P-01-001	426	1000	20630	Paramount Arts Center	Cultural enrichment	Donation	500.00
38	11/09/12	A/P-01-001	426	1000	20630	United Way of Franklin County	Mobilize financial resources to meet most compelling human needs	Donation	1,000.00
39	11/12/12	A/P-01-001	426	1000	20630	United Way of the Bluegrass	Focus is on education, income, and health	Donation	12,500.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	Activ	Vendor	Description / Purpose	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Account 426, AUX 1000 (Reference Numbers 1 through 78)									
40	11/12/12	A/P-01-001	426	1000	20630	Wounded Warrior Project	Promotes programs and services to severely injured service members	Donation	110.00
41	11/19/12	A/P-01-001	426	1000	20630	Commonwealth Fund for KET, Inc.	Promote educational opportunities for people of all walks of life	Donation	3,700.00
42	11/27/12	A/P-01-001	426	1000	20630	Lisa Smith - Community Action Council	Christmas Gifts for Underprivileged Children	Donation	600.00
43	11/28/12	A/P-01-001	426	1000	20630	Tim's Trot for Tots	Raise funds to purchase Christmas gifts for underprivileged children	Donation	520.00
44	12/06/12	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,376.00
45	12/17/12	A/P-01-001	426	1000	20630	United Way of Northeastern Kentucky	Advance education, income, and health	Donation	1,450.00
46	12/17/12	A/P-01-001	426	1000	20630	United Way of Mason	Advance education, income, and health	Donation	500.00
47	12/17/12	A/P-01-001	426	1000	20630	United Way of Eastern Kentucky	Improve education, help people achieve financial stability and healthy lives	Donation	250.00
48	12/19/12	A/P-01-001	426	1000	20630	Martin Luther King Holiday Committee	Assist in promoting informative programs	Donation	1,000.00
49	12/19/12	A/P-01-001	426	1000	20630	YMCA Black Achievers of Central Kentucky	Improve academic deficiencies, increase number of high school graduates	Donation	500.00
50	12/19/12	A/P-01-001	426	1000	20630	Black Church Coalition	Assist clients in paying winter heating bills	Donation	5,000.00
51	12/19/12	A/P-01-001	426	1000	20630	God's Pantry	Reduce hunger in Kentucky through community cooperation	Donation	1,500.00
52	12/19/12	A/P-01-001	426	1000	20630	Shepherd's House	Assist residents in addiction recovery to take responsibility for their lives	Donation	500.00

Respondent: S. Mark Katko

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	Activ	Vendor	Description / Purpose	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Account 426, AUX 1000 (Reference Numbers 1 through 78)									
53	12/19/12	A/P-01-001	426	1000	20630	Bluegrass Conservancy	Conservation of the unique rural and cultural resources of the Bluegrass	Donation	1,000.00
54	12/19/12	A/P-01-001	426	1000	20630	University of Kentucky DanceBlue	Fund raising effort for UK Children's Hospital	Donation	5,000.00
55	12/20/12	A/P-01-001	426	1000	20630	American Red Cross	Sponsor board meeting	Donation	197.00
56	12/20/12	A/P-01-001	426	1000	20630	Community Action Council (CAC)	CAC Poverty Forum 2013	Donation	10,000.00
57	12/20/12	A/P-01-001	426	1000	20630	Urban League of LFUCG	Annual Giving Campaign	Donation	2,000.00
58	12/20/12	A/P-01-001	426	1000	20630	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,500.00
59	12/26/12	A/P-01-001	426	1000	20630	Community Action Council (CAC)	Poverty Forum	Donation	10,000.00
60	12/26/12	A/P-01-001	426	1000	20630	The Salvation Army	Assist in providing social and spiritual services	Donation	1,000.00
61	01/07/13	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,413.00
62	02/05/13	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,223.00
63	02/12/13	A/P-01-001	426	1000	20630	University of Kentucky	Student athletic scholarships, academic support and career development	Donation	2,250.00
64	02/13/13	A/P-01-001	426	1000	20630	Children's Advocacy of the Bluegrass	Reduce trauma experienced by sexually abused children	Donation	5,000.00
65	02/13/13	A/P-01-001	426	1000	20630	Feed My Starving Children	Help to produce meals for those who are chronically hungry	Donation	1,000.00
66	02/18/13	A/P-01-001	426	1000	20630	Bluegrass Tomorrow	Promote growth and preservation planning for Cent. Bluegr. Reg. of KY	Donation	2,000.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	Activ	Vendor	Description / Purpose	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
General Account 426, AUX 1000 (Reference Numbers 1 through 78)									
67	03/05/13	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,396.00
68	03/07/13	A/P-01-001	426	1000	20630	ITN Bluegrass	Sponsor of iknow expo to assist the elderly in need	Donation	500.00
69	03/27/13	A/P-01-001	426	1000	20630	Community Action Council (CAC)	Additional payment to 2013 Poverty Forum	Donation	2,500.00
70	03/28/13	A/P-01-001	426	1000	20630	Just Fund KY	Support the needs of the lesbian, gay, bisexual and transgender community	Donation	2,500.00
71	04/03/13	A/P-01-001	426	1000	20630	Citizen's Police Academy	Foster better communication between citizen and police through education	Donation	500.00
72	04/03/13	A/P-01-001	426	1000	20630	LEXARTS	Support arts and cultural environment in Central Kentucky	Donation	2,500.00
73	04/03/13	A/P-01-001	426	1000	20650	Winter Care Energy Fund	Company's Matching Contribution for Low-Income Customers	Donation	2,243.00
74	04/08/13	A/P-01-001	426	1000	20630	Boy Scouts of America Blue Grass Chapter	2013 Friends of Scouting, impact lives of 11,000 + youth	Donation	1,000.00
75	04/16/13	A/P-01-001	426	1000	20630	American National Re	Part of a united effort by NiSource in support of the Red Cross efforts	Donation	10,000.00
76	04/16/13	A/P-01-001	426	1000	20630	University of Kentucky	Support College of Commun and Infor Instr Camps, Seminars, and Workshops	Donation	1,000.00
77	04/19/13	A/P-01-001	426	1000	20630	Prichard Committee for Academic Excellence	Sponsorship to newsletter promoting the value of investing in education	Donation	5,000.00
78	04/30/13	A/P-01-001	426	1000	20630	Paris Bourbon County	YMCA Annual Giving Campaign	Donation	500.00
Total Account 426 (Aux 1000)									157,910.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	CE	Activ	Description	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)
General Account 426, AUX 3000 (Reference Number 79)									
79	08/16/12	A/P-01-001	426	3000			Penalties (City of Ashland)	Other	54.40
General Account 426, AUX 4000 (Reference Number 80)									
80	10/31/12	SPL-99-001	426	4000			Reclass Political Action Committee (PAC) Charge Below the Line	Political Activities	9.22
General Account 426, AUX 4133 (Reference Number 81 and 82)									
81	03/31/13	REV 06-009	426	4133			Derivatives Loss Option	Other	5,250.00
82	04/30/13	REV 06-009	426	4133			Derivatives Loss Option	Other	(5,250.00)
General Account 426, AUX 5000 (Reference Numbers 83 through 144)									
83	05/09/12	A/P-01-001	426	5000	5025	20710	Vendor ID: 100006163 SLC Kentucky Night	Other	200.00
84	05/10/12	A/P-01-002	426	5000		20710	Herbert Miller (Employee Expenses)	Other	465.70
85	05/25/12	A/P-01-001	426	5000	5025	20710	Vendor ID: 100006160 NCSL Bluegrass Social	Other	350.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	CE	Activ	Description	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)
86	05/31/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
87	05/31/12	SPL-99-001	426	5000	8990	08190	Clear One Cent	Other	(0.01)
88	05/31/12	SPL-99-001	426	5000	8990	08190	Clear Rounding Outage	Other	(15.48)
89	06/30/12	SPL-03-001	426	5000		20710	Write-off Environmental Difference	Other	(0.92)
90	06/30/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
91	06/30/12	SPL-99-001	426	5000		08190	To Adjust Outage on Utility Service A/R	Other	163.60
92	07/10/12	A/P-01-001	426	5000	5025	20710	Vendor ID: 100019554 University of Kentucky	Other	544.00
93	07/31/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	1,137.56
94	07/31/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
95	08/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	250.00
96	08/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	1.32

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No. (1)	Effective Date (2)	Voucher (3)	Gen (4)	Aux (5)	CE (6)	Activ (7)	Description (8)	Line Item (10)	Amount \$ (11)
97	08/31/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	868.08
98	08/31/12	SPL-03-405	426	5000	8010	20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
99	09/30/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	2.78
100	09/30/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	1.13
101	09/30/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	150.00
102	09/30/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	7.14
103	09/30/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	9.00
104	09/30/12	I/C-12-006	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	2.69
105	09/30/12	I/C-12-101	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	4.66
106	09/30/12	I/C-12-101	426	5000	8010	08188	NiSource Corporate Services (Expenses)	Other	3.22
107	09/30/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
(Workpaper) Analysis of Account No. 426 -- Other Income Deductions
Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	CE	Activ	Description	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)
108	10/31/12	A/P-99-001	426	5000	8990	08190	To Correct Outage	Other	192.51
109	10/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	5,000.00
110	10/31/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
111	11/30/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	157.09
112	11/30/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	157.09
113	11/30/12	REV-99-001	426	5000	8990	08190	Rounding Adjustment	Other	(0.39)
114	11/30/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
115	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	10.90
116	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	122.52
117	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	2.73
118	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	2.73

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No.	Effective Date	Voucher	Gen	Aux	CE	Activ	Description	Line Item	Amount \$
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(11)
119	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	7.35
120	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	7.35
121	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	14.86
122	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	14.86
123	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	19.19
124	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	2,041.95
125	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	10.90
126	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	6.86
127	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	6.86
128	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	50.57
129	12/31/12	I/C-12-006	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	19.19

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
(Workpaper) Analysis of Account No. 426 -- Other Income Deductions
Twelve Months Ended April 30, 2013

Ref. No. (1)	Effective Date (2)	Voucher (3)	Gen (4)	Aux (5)	CE (6)	Activ (7)	Description (8)	Line Item (10)	Amount \$ (11)
130	12/31/12	I/C-12-101	426	5000	8010	07810	NiSource Corporate Services (Expenses)	Other	(122.52)
131	12/31/12	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
132	12/31/12	SPL-99-001	426	5000	8990	08190	Regulatory Outage Adjustment	Other	26.90
133	01/11/13	A/P-01-001	426	5000	5052	20710	Vendor ID: 100046293 Keeneland Association	Other	500.00
134	01/31/13	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
135	02/12/13	A/P-01-001	426	5000	5025	20710	Vendor ID: 100019554 University of Kentucky	Other	1,947.00
136	02/28/13	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
137	02/28/13	SPL-99-001	426	5000	8990	08190	Write-off Payroll Dollars from CMA	Other	535.21
138	02/28/13	SPL-99-001	426	5000	8990	08190	Write-off Payroll Dollars from CMA	Other	2,072.91
139	03/01/13	A/P-01-002	426	5000	5025	20710	Herbert Miller (Employee Expenses)	Other	2,743.29
140	03/31/13	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 (Workpaper) Analysis of Account No. 426 -- Other Income Deductions
 Twelve Months Ended April 30, 2013

Ref. No. (1)	Effective Date (2)	Voucher (3)	Gen (4)	Aux (5)	CE (6)	Activ (7)	Description (8)	Line Item (10)	Amount \$ (11)
141	04/30/13	SPL-03-405	426	5000		20755	Shareholder's Portion of Energy Assistance Plan (EAP)	Other	14,583.00
142	04/30/13	SPL-99-001	426	5000	8990	08190	Write-off Account 186 Balance	Other	29.89
143	04/30/13	SPL-99-001	426	5000	8990	08190	Adjust Outage in Transportation Reconciliation	Other	(7.51)
144	04/30/13	SPL-99-001	426	5000	8990	20710	Adjust Account 142 Balance	Other	(21.83)
145	Total Account 426 (Aux 5000)								194,688.93
146	Total All Account 426 (Aux 1000, 3000, 4000, 4133 & 5000)								352,662.55
Summary of Account 426 (AUX 1000, 3000, 4000, 4133 & 5000) by Item									
147	Total: Donations								157,910.00
148	Total: Political Activities								9.22
149	Total: Other								194,743.33
150	Total All: Account 426								352,662.55

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

52. List all present or proposed research efforts dealing with the pricing of natural gas and the current status of such efforts.

Response:

Columbia's parent NiSource has contributed to the American Gas Foundation's Fueling the Future Study. This study is being conducted in 2013 and will provide a look at the natural gas industry (including pricing) over the next 30+ years. This report is expected to be completed in the Fall of 2013.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

53. Provide an analysis of Columbia's expenses for research and development activities for the base period and the three most recent calendar years. The analysis should include the following:

a. Basis of fees paid to research organizations and Columbia's portion of the total revenue of each organization. Where the contribution is monthly, provide the current rate and the effective date.

b. Details of the research activities conducted by each organization.

c. Details of services and other benefits provided to the utility by each organization.

d. Annual expenditures of each organization with a basic description of the nature of costs incurred by the organization.

e. Details of the expected benefits to the utility.

Response:

a. Columbia annually provides funds of \$300,000 to the Operations Technology Development Company ("OTD"). OTD is a research organization established in 2003 as a local distribution company-directed non-profit organization administered by Gas Technology Institute ("GTI") to pursue strategic research programs and replace the long-standing collaborative research of the Gas Research Institute ("GRI"). For more than 25 years, GRI was funded by an interstate natural gas sales surcharge to fund gas industry directed research and was included in FERC authorized pipeline rates. The GRI research charges were treated as a cost of gas to distribution companies and included in the gas cost rates paid by end use customers. The FERC phased out mandatory funding of natural gas research and development through interstate pipeline rates in December 2004. Believing in the continued importance of gas industry research and development and in response to the Commission's expressed interest in continued research and willingness to consider alternative means of cost recovery, the Joint Stipulation in Case No. 2002-00145, proposed a tariff Rider for Research and Development which was approved by the Commission effective March 1, 2003

	Fees Paid by	Total Revenue of	Columbia
	Columbia	OTD	Percent of OTD
2009	\$300,000	\$8.1M	3.70%
2010	\$300,000	\$7.8M	3.85%
2011	\$300,000	\$10.8M	2.78%
2012	\$300,000	\$10.9M	2.75%

b. OTD provides natural gas companies with the innovative tools, techniques, and processes to ensure continued safe, economic, and reliable delivery of natural gas to the nation's gas ratepayers. Attachment A highlights OTD results. Most notable is the completion of R&D and the commercial release of the Acoustic Plastic Pipe Locator technology. This device provides gas companies with the ability to locate buried plastic pipe before excavation and construction, in depths of up to five feet. The plastic pipe locator took thirty years of R&D and multiple technology pathways (acoustic, underground radar, placing metal particles in plastic pipe to locate magnetically, and radio frequency device-RFD- tags on plastic pipe) to perfect and bring to the marketplace. This would not have occurred without OTD and prior research by the Gas Research Institute. Other results include using the 3-GIS Mobile platform to allow users to integrate global positioning (GPS) receivers to increase the accuracy of new asset mapping operations; a Magnetic Joint Locator for cast iron and steel pipe joints, a Portable Methane Detector (PMD) for hand-held locating of methane leaks, integrity risk management tools, and keyhole pipeline inspection systems from ULC Robotics.

Specific projects funded, in part, by Columbia:

(1) Pipe and Leak Location
(1.i) Remote Leak Survey Using Laser
(1.i) Real Time Laser Leak Detection add (PHMSA)
(1.8.a) GPS-Based Excavation Encroachment Notification
(1.8.f) Underground Obstacle Detection System - Acoustic Only - related to 1.j
(1.8.g) Acoustic Sewer Lateral Pipe Locator
(1.9.b) Public Improvement Project Coordination with GPS, GIS, and RFID
(1.10.c) Acoustic Pipe Locator - Technology Transfer
(1.11.a) Cross Bores - Evaluation of Chemical Detection Methods
(1.11.c) Low-Cost MEMS Methane Sensor Platform Phase 1
(1.12.b) Cross-Bores Detection Using Mechanical Spring Attachment
(1.12.c) Evaluation of Leak Detection Technologies for Leak Survey
(1.13.a) Integration of Acoustic and GPR Technologies for HDD Operations add (PHMSA)
(1.13.c) No Blow Fish Tape Technology to Locate PE Mains – Testing and Field Evaluation
(2) Pipe Materials, Repair, and Rehabilitation
(2.ee) Non-Interrupted Meter Change Out Kit
(2.7.b) Qualification of Saddle and Electrofusion Joint Designs and Test Methods to Validate Safe Long Term Performance
(2.7.b) Qualification of Saddle and Electrofusion Joint Designs and Test Methods to Validate Safe Long Term Performance, Phase 2
(2.7.d) Cold Adhesive Repair (CAR) and Joining of Polyethylene Pipes with Minimal Surface Preparation
(2.7.e) Development of an External Repair Tool for PE Pipe
(2.8.c) Electrofusion Coupling Guidelines

(2.8.e) Structural Liners and Sleeves - Technology Search
(2.11.a) Development of a System for Repair of Above Ground Leaks
(2.11.c) No-Blow Tooling Enhancements and Finalization
(2.11.d) RSD X-Ray for Pipe Assessment - Testing and Validation
(2.11.h) Evaluation of Below Grade Pipe Surface Preparation Tools
(2.12.a) Integrated Expert Monitoring and Training System for Butt Fusion
(2.13.a) NDE Inspection for the Quality Control of PE Installations
(2.13.c) Accelerated Dynamic Testing for Long Term Evaluation of Liners and Composite Pipe Materials add (PHMSA)
(3) Excavation and Site Restoration
(3.dd) Development/Enhancement of Trenchless Service Installation Through Keyholes
(4) Pipeline Integrity Management and Automation
(4.7.g) Steel Pipe Yield Strength Determination
(4.8.g) (GTI) North American Casing Research Program
(4.8.i) Extended Reassessment Interval Validation Through Dielectric Wax Casing Fill
(4.8.j) (GTI) Distribution Integrity Management Risk Model
(4.9.a) 20 -> 30% SMYS (Leak Rupture Boundary)
(4.9.b) 2" Camera for Live Gas – Internal
(4.10.c) Testing and Design of Casing End Seals
(4.11.d) Internal Inspection Optimization Program (GTI)
(4.11.e) Evaluating Assessment Technique Effectiveness
(4.12.c) Field Test of a Cathodic Disbondment Detector

(4.12.d) Continuous Threat Identification Program for DIMP add (PHMSA)
(4.12.e) PipeCrawler Market Assessment and Demonstration (GTI)
(4.13.c) Internal Inspection Optimization - EMAT for Unpiggable Pipe add (PHMSA)
(5) Operations Infrastructure Support
(5.8.e) Development of Standardized Algorithms and Identifiers for Enhanced Material Tracking and Traceability
(5.8.e) (a) Enhanced Material Tracking and Traceability Development of Standardized Protocols Identifiers For Meters and Regulators
(5.8.e) (b) Enhanced Material Tracking and Traceability Development of Standardized Protocols Identifiers For Transmission Pipeline
(5.10.a) Evaluation of Ionix Static Suppressor on Existing PE Piping Systems
(5.11.a) Dewatering Systems for Mains - Services
(5.11.e) Intelligent Utility System Disconnected Editing and Commercialization Phase 2
(5.11.e) Intelligent Utility System - Phase 3: Automated Component Validation Software
(5.11.r) Integrating Sensors with Existing AMR AMI Systems Phase 2 (A Smart Grid Project)
(5.12.n) Advanced Tools for Improved AC Corrosion Prevention and Mitigation
(5.13.a) Evaluation of Commercial / Light Industrial Sized EFVs
(5.13.d) Transmission EZ Valve
(6) Other
(6.a) (GTI) SMP
(6.6.a) (GTI) Keyhole Project
(7) Environmental, Renewables and Gas Quality

(7.10.a) Trace Constituents in NG - Characterization and Measurement for the Purposes of Comparative Analysis with Renewable Gas - Phase II (GTI)
(7.10.b) Odor Fade (GTI)
(7.10.c) Improving Methane Emission Estimates for NG Distribution Companies, Phase 2
(7.10.c) Improving Methane Emission Estimates Phase III - Cast Iron and Unprotected Steel Pipes
(7.10.d) Development of Beta-Prototype of In-Line Biofilter for Biocleaning of Biomethane Prior to Injection
(7.11.a) Gas Quality Resource Center
(7.11.b) Trace Constituents Sensors

c. As part of GTI’s management of OTD, Columbia is provided R&D using the GTI not-for-profit R&D laboratory network of scientists, engineers and 28 lab facilities for investigation of natural gas industry and gas consumer critical needs and challenges. GTI performs applied research, technology development, product development, and technology deployment. As GTI is not a manufacturer, it works with manufacturers to ensure that the technologies successfully developed are delivered to the market place so that the gas industry and gas consumer can use the products, processes, and scientific information developed. GTI also arranges co-funding of gas company funds by U.S. Department of Energy, U.S. Department of Transportation, state R&D agencies such as California Energy Commission and New York State Energy Research and Development Authority; so that gas company funds are leveraged by other entities.

d. Annual expenditures of OTD are shown below

2009	\$8.1 million
2010	\$7.8 million
2011	\$10.8 million
2012	\$10.9 million

e. In general, benefits to Columbia and its customers are enhanced safety (e.g., lower leakage rates, less third party damage), enhanced system integrity (e.g., better inspection methods, more durable system, better risk assessment to identify high-risk sections of pipe), and O&M cost containment (e.g., costs for excavation, repair, inspection, and materials, productivity efficiencies).

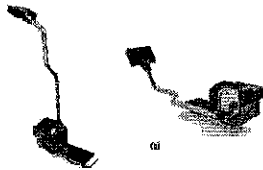


**Operations
Technology
Development**

Results in Use

The OTD program is providing utilities, pipeline companies, service providers, and others in the natural gas business with innovative tools, enhanced processes, and advanced equipment developed to improve gas system operations.

OTD-Developed Products in the Marketplace



> **Acoustic Pipe Locator**

SENSIT Technologies

SENSIT's acoustic-based pipe locator provides the ability to locate plastic pipes before excavations and construction. Now commercially available, in tests the system was shown to be capable of detecting multiple buried plastic pipes at depths up to five feet.

Contact: Scott Kleppe | 219-465-2700 | jScottK@gasleaksensors.com | info@gasleaksensors.com



> **High-Accuracy GPS for Tablets and Smart Phones**

3-GIS

An application developed by OTD and GTI is now part of the 3-GIS Mobile platform to allow users to integrate external GPS receivers to improve the position accuracy of new asset mapping operations. Users can collect sub-foot accurate GPS data in real time on Android tablet computers and smart phones with no post-processing and no need for a base station.

Contact: Lee Nelson | 256-560-0744 x 222 | lnelson@3-gis.com | www.3-gis.com

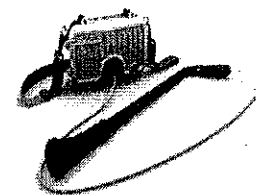


> **Metallic Joint Locator (MJL)**

SENSIT Technologies

The SENSIT Ultra-Trac® MJL accurately locates bell joints, valves, pressure control fittings, repair clamps, mechanical couplings and service connections on metallic piping systems, significantly reducing excavation areas and pavement restoration costs.

Contact: Scott Kleppe | 219-465-2700 | jScottK@gasleaksensors.com | info@gasleaksensors.com



> **Portable Methane Detector (PMD)**

SENSIT Technologies

The handheld SENSIT® PMD uses optical-detection technology to provide sensitivity and cost advantages over conventional techniques employing flame ionization detectors. The PMD improves the efficiency of leak surveys, is less costly to maintain than other technologies, and can detect leaks from low ppm to 100% gas.

Contact: Scott Kleppe | 219-465-2700 | jScottK@gasleaksensors.com | info@gasleaksensors.com

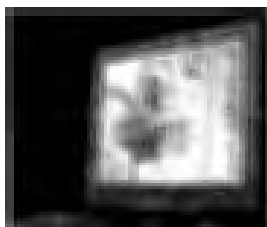


> **GPS-Enabled Leak Surveying**

Ubisense Group Plc.

Automating the leak surveying and pinpointing process with GPS eliminates paper records, providing increased efficiency and reliable compliance documentation. Implementation of the GPS-enabled system with the VeroTrack AST™ software application is under way at several utility companies.

Contact: Langley Willauer | 603-930-3672 | langley.Willauer@ubisense.net | www.ubisense.net

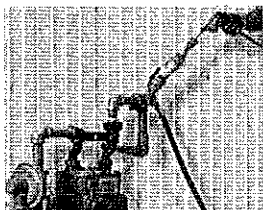


> **Uptime® 3.0 Distribution Integrity Management Risk Model**

GL Noble Denton

Uptime® 3.0 provides an integrated environment for the integrity management of gas distribution and transmission pipeline assets. Uptime provides core support for all the key elements of distribution integrity management program regulations.

Contact: Michael Moore | 717-724-1900 | michael.moore@gl-group.com | www.gl-group.com



> **NO-BLO® DBS System**

Mueller Co.

Directional Bag Stopper (DBS) technology allows for routine maintenance without interruption of gas service to the customer. A portable system, it allows field technicians to perform many tasks related to the gas service line, including meter replacement and work on any part of the meter set, such as risers and regulators.

Contact: Bryan Kortte | 217-425-7516 | bkortte@muellercompany.com | www.muellercompany.com



> **Lift Assists for Pavement Breakers and Rock Drills**

Integrated Tool Solutions

This device assists workers in lifting the pavement breaker and rock drill after the bit has broken through the surface of the street or concrete and needs to be repositioned for the next penetration. By eliminating the need to manually lift and re-position the heavy tool, the lift assist makes pavement and concrete breaking easier and less physically demanding.

Contact: Ron Sorric | 760-529-5856 | rjsorric@integratedtoolsolutions.com | www.integratedtoolsolutions.com



> **Keyhole Pipeline Inspection Camera System**

ULC Robotics

The PRX250K keyhole camera is an internal inspection system designed for visual assessment of live mains through conventional pits or small keyholes. The system is easily maneuverable through tight bends, allowing utilities to examine pipe segments without the need to drill additional access holes.

Contact: Greg Penza | 631-667-9200 | gpenza@ulcrobotics.com | www.ulcrobotics.com

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013**

54. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

For each category, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this

case. Identify any costs incurred for this case that occurred during the base period.

b. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in (a) above, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in (a) above. Updates will be due when Columbia files its monthly financial statements with the Commission, through the month of the public hearing.

Response:

a. Please refer to Attachment A of the response for a schedule of expenses incurred through April 2013 and Attachment B for individual invoices for additional supporting documentation. The majority of costs of this rate case are expected to be incurred in the base period. Columbia is deferring the costs for the preparation of this case and is requesting a three year amortization.

b. Please refer to Attachment C for an itemized estimate of the total cost to be incurred for this case. Please refer to Attachment D for the agreements for professional rate case services. All other expenses represent incremental

employee expenses, newspaper notifications, duplicating and postage and are based on historic levels incurred.

- c. Columbia will provide monthly updates for the actual costs incurred as they become available.

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 Rate Case Expenses
 Incurred to Date Through April 30, 2013

Line No.	Category	Transaction Date	FERC Account	Payment Method	Description	Vendor	Consultant	Hours	Rates per Hour \$	Amount \$
1	Accounting:									-
2	Engineering:									-
3	Legat:									
4		4/30/2013	182	Check #12058503	Outside Counsel	Whitt Sturtevant, LLP				
5							Mark Whitt	5.3	370.00	1,942.50
6							Gregory Williams	6.5	200.00	1,300.00
7							Total			3,242.50
8	Consultants: [1]									
9		2/20/2013	182	Check #32011101	Depreciation Study	Gannett Fleming, Inc.				
10							Assistant Analyst	10.0	95.00	950.00
11							Associate Analyst	25.0	135.00	3,375.00
12							John J. Spanos	10.0	225.00	2,250.00
13							Support Staff	3.0	95.00	285.00
14							Total			6,860.00
15		2/28/2013	182	Check #32011350	Class Cost of Service Study and Rate Design	Black & Veatch Corp.				
16							Russell A. Feingold	14.0	400.00	5,600.00
17							Gregory E. Macias	2.0	235.00	470.00
18							Howard E. Overcast	16.0	325.00	5,200.00
19							Alok A. Patil	2.0	185.00	370.00
20							Total			11,640.00
21		3/18/2013	182	Check #32011944	Depreciation Study	Gannett Fleming, Inc.				
22							Assistant Analyst	10.0	95.00	950.00
23							Associate Analyst	30.5	135.00	4,117.50
24							John J. Spanos	24.0	225.00	5,400.00
25							Support Staff	2.0	95.00	190.00
26							Total			10,657.50
27		4/12/2013	182	Check #32013479	Class Cost of Service Study and Rate Design	Black & Veatch Corp.				
28							Russell A. Feingold	14.0	400.00	5,600.00
29							Gregory E. Macias	11.0	235.00	2,585.00
30							Howard E. Overcast	17.0	325.00	5,525.00
31							Alok A. Patil	2.0	185.00	370.00
32							Total			14,080.00
33		4/15/2013	182	Check #32013634	Depreciation Study	Gannett Fleming, Inc.				
34							Associate Analyst	4.5	135.00	607.50
35							John J. Spanos	11.0	225.00	2,475.00
36							Support Staff	5.5	95.00	522.50
37							Total			3,605.00
38		4/30/2013	182	Check #32014159	Class Cost of Service Study and Rate Design	Black & Veatch Corp.				
39							Russell A. Feingold	11.0	400.00	4,400.00
40							Gregory E. Macias	32.0	235.00	7,520.00
41							Howard E. Overcast	21.5	325.00	6,987.50
42							Alok A. Patil	31.0	185.00	5,735.00
43							Total			24,642.50
44	Other Expenses:									
45		3/18/2013	182	Check #32011944	Meals and Lodging	Gannett Fleming, Inc.				373.41
46		3/19/2013	182	Check #32011944	Other Transportation	Gannett Fleming, Inc.				115.35
47		4/15/2013	182	Check #32013634	Other Transportation	Gannett Fleming, Inc.				2,937.20
48							Total			3,425.96
49	Total Rate Case Expenses									78,153.46

[1] Please see Attachment B to PSC DR Set 1 No.054 for detail.

PSC Case No. 2013-00167
Staff Set 1 DR No. 054
Attachment B
Respondent: S. Mark Katko

INVOICES AND OTHER SUPPORTING DOCUMENTATION
FOR RATE CASE EXPENSES

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
PROJECTED RATE CASE EXPENSES

<u>LINE</u> <u>NO.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1	CONSULTING	
2	Class Cost of Service/Rate Design Study	\$ 225,000
3	Cost of Capital Study	50,000
4	Depreciation Study	<u>50,000</u>
5	Sub-total	325,000
6	LEGAL FEES	300,000
7	EMPLOYEE AND MISCELLANEOUS EXPENSES	
8	(travel, lodging, meals, printing, advertising, etc.)	<u>50,000</u>
9	TOTAL PROJECTED RATE CASE EXPENSES	\$ 675,000



NiSource Corporate Services Company
Corporate Supply Chain Services
200 Civic Center Dr.
Columbus, OH 43215

January 7, 2013

NiSource
Attn: Steven Sylvester
200 Civic Center Drive
Columbus, OH 43215

RE: Signature Requested for:

Service Authorization Number:	SA 12-6183-00
Contractor Name:	Black & Veatch Corporation
Requested By:	Mark Kempic
Purpose of SA:	For work associated with the developing and support of the class cost of service study and class revenue and rate design proposals in conjunction with filing of a general rate case for Columbia Gas of Kentucky.
Estimated Spend for SA:	\$200,000.00
Locations Covered:	Columbia Gas of Kentucky Operating Area
Revision:	No
Purpose of Revision:	N/A
Revision Impact on Spend:	N/A

Dear Mr. Sylvester:

Enclosed are two (2) copies of the referenced SA. The contractor has accepted the terms and conditions of this SA which is reflected by their signature.

Upon your review and approval, please sign both copies of the SA in the "Authorized By" section. Once fully executed, please have both agreements returned to me. I will then forward a copy to the supplier for their records and retain a fully signed copy of the Agreement in the Supply Chain files for future reference.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joy Walkenspaw".

Joy Walkenspaw
Supply Chain
Phone: 614-460-4859
Facsimile: 614-460-6803
jwalkenspaw@nisourcc.com
Enclosure

Columbia Gas of Kentucky, Inc., SERVICE AUTHORIZATION	Service Authorization Number 12-6183	Revision 00	Page 1 of 2 Page 2 of 25
	<u>Contract Administrator:</u> Jeremy Swift	Effective Date January 1, 2013	
	<u>Requested By:</u> Mark Kempic	Complete Date December 31, 2013	
		<u>Payment Terms</u> Net 30 Days	
Contractor: Black & Veatch Corporation 11401 Lamar Avenue Overland Park, KS 66211 Attn: Russ Feingold		Invoice To: Columbia Gas of Kentucky, Inc. 2001 Mercer Road Lexington, KY 40511 Attn: Judy Cooper	
Invoices and Shipment must show Service Authorization Number or Contract Number			

Line Number	Order Quantity	Order Unit	Description	Net Amount
			<p>Columbia Gas of Kentucky, Inc., ("Owner") hereby authorizes, Black & Veatch, (Contractor) to perform and the Contractor agrees to perform services pursuant to the terms and conditions set forth in this Service Authorization ("SA") and all Exhibits and the NISOURCE CORPORATE SERVICES COMPANY SHORT FORM PROFESSIONAL SERVICES AGREEMENT ("Agreement") dated November 1, 2008 to October 31, 2013 (Contract #J-Y43-010), and all attachments hereto.</p> <p>This SA is for the Work associated with the developing and support of the class cost of service study and class revenue and rate design proposals in conjunction with filing of a general rate case for Columbia Gas of Kentucky.</p> <p>This SA will commence on January 1, 2013 and terminate on December 31, 2013 unless extended by Owner as provided below.</p> <p>Contractor further acknowledges that this SA is entered into as of the Effective Date hereof and in the ordinary course of the Contractor's business.</p>	

Please acknowledge the receipt and acceptance of this Service Authorization and its associated terms and conditions by signing below and returning to the address below.

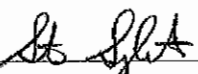
NiSource Corporate Services, 200 Civic Center Drive, Columbus, Ohio 43215 Attn: Joy Walkenspaw, 6th Floor

Any additional or different terms in the Contractor's form are hereby deemed to be material alterations and notice of objection to them and rejection of them is hereby given.

Black & Veatch Corporation

Columbia Gas of Kentucky, Inc.

Accepted By: 

Authorized By: 

Print Name: Russel A. Feingold

Print Name: Steve Sylvestor

Date: December 19, 2012

Date: 1-7-2013

Legal Reviewed 12/19/12 *PM*

Reviewed by PM(Macias) December 19, 2012. *PM*

Columbia Gas of Kentucky, Inc., SERVICE AUTHORIZATION		Service Authorization Number 12-6183	Revision 00	Page 2 of 2
		<u>Contract Administrator:</u> Jeremy Swift	Effective Date January 1, 2013	
		<u>Requested By:</u> Mark Kempic	Complete Date December 31, 2013	
			<u>Payment Terms</u> Net 30 Days	
Contractor: Black & Veatch Corporation 11401 Lamar Avenue Overland Park, KS 66211 Attn: Russ Feingold		Invoice To: Columbia Gas of Kentucky, Inc. 2001 Mercer Road Lexington, KY 40511 Attn: Judy Cooper		
		Invoices and Shipment must show Service Authorization Number or Contract Number		
Line Number	Order Quantity	Order Unit	Description	Net Amount
			<p>This SA, signed by Owner and Contractor, including any Exhibits attached hereto, constitute the only contract or agreement between the parties for this project, represent the entire and complete agreement.</p> <p>The following "EXHIBITS" are attached hereto and/or incorporated by reference into this Service Authorization:</p> <p>A – Special Conditions & Specifications B – Scope of Work & Pricing C – Document Control, Reporting & Audit Provisions</p> <p>Notwithstanding anything in this Agreement to the contrary, if the completion dates of any Purchase Order extend beyond the term of this Agreement, this Agreement shall continue to apply to all such Purchase Orders until the related Project is completed to the satisfaction of the Owner.</p>	

Exhibit A – Special Conditions & Specifications
SA 12-6183-00
Black & Veatch Corporation

A. Location of Work

Any Work resulting from these documents shall be performed for the following **Operating Area(s)**:

Columbia Gas of Kentucky, Inc.

B. Description of Work

As required by Owner, the Contractor shall store, deliver, and unload materials for; shall furnish all labor, supervision, equipment, tools, materials, transportation and services for; and shall do each and every act necessary to construct, erect, install and/or perform and finish the Work as herein specified. All Work shall be performed in accordance with the standards of the applicable governmental authority having jurisdiction. The Work ("Work") shall consist of, but is not limited to the following:

Contractor will develop and support Owner's class cost of service study, and class revenue and rate design proposals in conjunction with the filing of a general rate case. Owner has decided to file a general rate case with the Kentucky Public Service Commission on or around May 1, 2013. Full Contractor Scope of Work is located in Exhibit B of this Agreement.

It is the duty of the Contractor to notify the Owner of any errors, omissions, or discrepancies which the Contractor discovers in the Contract Documents so that the correction may be made before expense is incurred, and in no case shall the Contractor proceed in uncertainty or without proper prior instructions. In the event of failure to comply with this provision, the cost of rectifying any errors, etc. that should reasonably have been avoided will be borne by the party doing the Work in error.

The Contractor warrants that it shall perform the Work in a good, acceptable and workmanlike manner. Only practices conforming to the requirements of the Contract Documents and approved by the Owner shall be used in performing the Work.

C. Exceptions on Changes and Extra Work

Contractor will be required to inform Owner prior to incurring any extra Work or bid items. A price will be agreed upon prior to proceeding if no applicable bid items apply.

Extra Work will not be paid for unless approved by the Owner's Representative. The compensation for such Work will be at the unit prices agreed upon by both parties in advance of the Work to be completed.

D. Start Up Schedule

The Contractor will have all requirements in place under this Service Authorization, Short Form Professional Services Agreement ("SFPSA") and other incorporated documents and have crews to start with a target date of January 1, 2013, unless otherwise agreed upon by Owner and Contractor.

E. Data Security

A. Vendor shall maintain policies and procedures to detect, prevent and mitigate the risk of loss, unauthorized access, modification or disclosure of Owner and Affiliate information/data including, personnel identification information of Owner's and its Affiliate's customers, employees or shareholders (collectively, all such information/data the "Owner Data"). With respect to the protection of and access to Owner Data, Vendor shall comply with all applicable laws regarding personal identification information. In performing the Services/Work, at a minimum, Vendor shall use no less than industry standard best practices, that comply with all applicable laws concerning the protection of personal identification information, for securing Owner Data so as to reasonably ensure that the Owner Data is not lost or stolen, or otherwise used, modified or accessed by any third party without Owner's prior approval. Vendor shall immediately, upon discovery, notify Owner of (i) any unauthorized disclosure, possession, use or modification of the Owner Data or any attempt at such activity or breach of Vendor's security measures, by any person or entity; (ii) investigate and take corrective action taken in response thereto, and (iii) provide Owner with assurance reasonable satisfactory to Owner that such activities or breach or potential breach shall not reoccur.

Exhibit A – Special Conditions & Specifications
SA 12-6183-00
Black & Veatch Corporation

B. While at Owner's facilities or using Owner's equipment or accessing Owner's systems, Vendor and Vendor personnel shall observe and follow all applicable Owner policies, including those Owner policies relating to security of and access to Owner Data, facilities, telephone systems, electronic mail systems, and computer systems. Applicable Owner policies are: External Access Standard; Information Resources Policy; Information Systems Password Standard; and Security Guidelines, or such other policies as Owner designates to Vendor – such policies will be made available upon request.

C. Vendor personnel shall not attempt to access, and shall not allow access to, Owner Data to which it is not entitled or that is not required for the performance of the Services/Work by Vendor personnel. Vendor shall institute industry standard practices that comply with all applicable laws for systems security in order to guard against the unauthorized access, alteration, destruction or loss of Owner Data.

D. If Vendor stores or maintains Owner Data it shall use a current industry standard intrusion detection system that complies with all applicable laws. Vendor shall actively monitor the intrusion detection system for signatures that correspond to attempts at breaking the security of the Services/Work provided.

E. If Vendor stores or maintains Owner Data, at a minimum, Vendor shall use no less than industry standard best practices for backup procedures relating to software, system configurations and Owner Data, that comply with all applicable laws. Owner shall have the right to establish backup security for Owner Data and to keep backup copies of the Owner Data in Vendor's possession at Owner's expense if Owner so chooses.

F. Use of Subcontractors

The Owner will not be subject to nor bear any costs greater than the unit costs originally submitted by the primary Contractor which may result from primary Contractor's decision to utilize Subcontractor(s).

Neither will the Owner accept any invoices directly from any Subcontractor(s) employed by the primary Contractor.

G. Invoicing

The terms of payment, upon acceptance of Work by Owner will be net thirty (30) days.

Contractor should not include sales tax on any mark-ups, overhead costs, pass-thrus or any invoicing to Owner because Owner is either exempt from sales tax or directly pays sales tax.

Exhibit B -- Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

Contractor proposes to conduct the various required studies and analyses and to prepare expert testimony by completing the following work tasks:

Task 1— Conduct a Situational Assessment

Contractor will initiate the project with a meeting at Owner's offices (in either Lexington or Columbus) where our first activity will be to conduct initial fact-finding to better understand the key factors that can influence its total revenue requirement, cost of service situation, and rate structure, and to more fully appreciate the broader strategic, operating, and regulatory context within which the project is being conducted. In particular, we intend to discuss the structure and format of Owner's prior class cost of service studies to fully understand the major cost allocation methods and related cost allocation factors, and to review past results and its past ratemaking proposals. We also will review issues related to revenue recovery, earned return on investment and market or competitive issues related to rate design.

Specifically, we expect to review:

- All relevant background material related to Owner's last general rate case
- Prior Commission decisions to better understand its key preferences and positions
- Recent pricing proposals of other Kentucky gas distribution utilities to identify any new concepts or approaches to which the Commission has been exposed
- The broader pricing objectives and strategies of Owner, and
- An initial data request related to the scope of the project.

Finally, during these meetings, we will finalize the working relationship and communications protocols between Black & Veatch and Owner staffs.

Task 2—Assist Owner to Frame its Rate Design Issues and Develop Solutions

Contractor will work closely with Owner's staff to identify the key rate design issues and solutions that can support its business objectives of encouraging new business, retaining existing gas customers, and mitigating the impact of declining gas use per customer on Owner's ability to recover through rates its approved level of margins (i.e., non-gas revenues). We expect to complete this task through our ongoing active involvement in Owner's internal planning and decision making processes. This will include our periodic participation in Owner's regularly scheduled weekly rate case update calls starting in early December.

At the outset, it is important that Owner establish a "baseline" of historical data to observe the changes that have occurred over time in use per customer, customer count by rate class and relevant demographic category (e.g., low usage and low income customers), its level of margin recovery relative to the approved rate case levels, and the prices of competing energy alternatives. This information will help determine the magnitude of the challenges faced by Owner and the types of ratemaking solutions that could effectively address these challenges. Contractor will work closely with Owner's staff from its regulatory, sales/marketing, and financial areas to evaluate this information so that potential rate design options can be identified.

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

To complete this work task, Contractor will develop a briefing document that highlights the conceptual underpinnings and practical aspects of the rate design options available to Owner for further consideration and evaluation. We expect that this deliverable will be structured around the following broad categories: residential service, commercial and industrial services, and transportation services (including the provisions of Owner's Customer Choice Program).

Task 3—Conduct Owner's Class Cost of Service Allocation Studies

Contractor will conduct class cost of service allocation studies for purposes of filing in Owner's general rate case, and will conduct cost of service studies structured in a manner to facilitate the evaluation of the costs of transportation service and other ancillary services, if required. We have assumed that Contractor's project team will conduct the majority of the work required under this task and that Owner's staff will facilitate the gathering and compilation of detailed plant, expense, and other relevant operational, engineering, accounting, and financial data.

Specifically, we will configure and format our cost of service computer model to accommodate Owner's total cost of service for its fully forecasted test year ending November 30, 2014. We will evaluate and refine, where appropriate, each of the major allocation methods utilized in Owner's most recently completed cost of service studies. Then, we will derive appropriate allocation factors to support the chosen allocation methods. Finally, we will develop unit costs by functional component and the costs of unbundled services on Owner's gas distribution system for purposes of establishing a cost basis to evaluate and reconfigure, where deemed appropriate, existing rate structures and service offerings.

For purposes of Contractor's work effort under this task, we have assumed that Owner's personnel will gather and compile, under our direction, most of the underlying cost and accounting data required for input into our cost study model. Also, we expect to analyze each of Owner's cost of service components, with assistance from its staff in certain areas (e.g., income taxes, working capital, capital structure, etc.). We will enter all cost input data into our Cost of Service Study ("COSS") Model and run the model to generate allocated cost results.

Finally, all special studies will be performed by the Contractor's project team, in close collaboration with Owner's staff from the plant accounting, distribution engineering, gas control, and gas supply areas. We anticipate that Contractor will conduct the following types of special studies for Owner's cost studies:

- **Customer Investment by Service Class** – Services (Account 380), Meters (Account 381), Meter Installations (Account 382), House Regulators (Account 383), and Industrial M&R (Account 385).
- **Uncollectible Accounts (Account 904)** – analysis of account balances and bad debt writeoffs by class of service.
- **Transportation Administrative Costs** – analysis of these costs to support the level of the utility's transportation administration charges.
- **Peak Day Analysis** – development of design day demands by class of service using a combination of actual metered demands of larger customers and a heat load/base factor approach for the utility's smaller customer classes.

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

- **Customer Component of Distribution Mains (Account 376)** – analysis of the utility’s detailed accounting records for this account to quantify a zero-intercept or minimum system value.
- **Use of Production (LNG, LP-Air), Pipeline and Storage Resources** – to determine cost support for the utility’s gas balancing function or standby service pricing.
- **Plant Facilities Dedicated to Specific Large Customers** – assess whether there are specific situations where dedicated plant investment can be directly assigned to large customers.
- **Customer Installations (Account 389)** – analysis of field service orders.
- **Meter Reading (Account 902)** – analysis of average read times by customer class, time studies or meter reading statistics.
- **Customer Records and Collections (Account 903)** – analysis of call center statistics, service order evaluations, aged accounts receivables or payment arrangements.
- **Customer Assistance (Account 908)** – analysis of conservation or energy efficiency programs.
- **Sales and Marketing (Accounts 912-916)** – sales program evaluation by customer class. Black & Veatch’s COSS Model is highly flexible and can be formatted to meet specific internal information or regulatory requirements. Contractor’s COSS Model has been used successfully by a number of gas and electric utilities in their rate case filings before regulatory bodies. The following listing is illustrative of the summary schedules provided by the COSS Model in support of the allocated cost of service results.
- **Income and Rate of Return at Present Rates** is essentially a class-by-class income statement based on test year costs and revenues at present rates. The income that results from a comparison of revenues and expenses is divided by allocated rate base to yield class rates of return. This cost of service study is used to support the proposed revenue requirement allocation.
- **Income and Rate of Return at Proposed Rates** is similar to the previous schedule except that revenues and expenses that vary with revenues are based on proposed rates. Typically, the only non-revenue changes are to taxes and other revenue-related assessments.
- **Total O&M Expenses** summarizes classified and allocated expenses. Customer accounts, service, sales and A&G expenses are reported separately on this page.
- **Total Rate Base** provides a summary of classified and allocated rate base by major category including plant, working capital and other rate base adjustments.
- **Plant in Service** is a summary of classified and allocated plant. General and intangible plant is identified separately in this schedule.
- **Total Revenue Requirements** summarizes classified and allocated total cost of service by primary function. All indirect costs are functionalized, classified, and allocated.
- **Total Revenue Requirements at Proposed Rate of Return** indicates total revenue requirements for the proposed rates.

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

- **Unit Cost Report** produces unbundled unit costs (customer, demand, and commodity) based on allocated cost data.

Task 4—Develop Owner’s Class Revenue Allocation Proposal

Contractor will determine in consultation with Owner’s management a well-reasoned and supportable method to spread Owner’s proposed revenue increase to its various classes of service guided by the results of its cost of service studies and other qualitative considerations (including any conclusions on rate levels reached in Task 2). Supporting exhibits will be prepared to present details of Owner’s class revenue proposal.

Task 5—Develop Owner’s Rate Design Proposals

Using the results of Task 2, Contractor will work closely with Owner’s staff to develop the rate design proposals for each of its classes of service to recognize its cost of service study results, gas business objectives, future financial expectations, operational situation, and any other relevant factors. We will assist Owner’s staff in developing the specific rate-related elements of Owner’s sales and transportation service proposals, including: (1) rate class configuration; (2) separate unit charges; (3) rate levels; (4) unbundled and ancillary service options; and (5) terms and conditions of service. Supporting exhibits (including a revenue proof and bill comparisons) will be prepared to present details of Owner’s rate design proposals.

For this task, we have assumed that Owner’s staff will compile the necessary billing information (i.e., bill frequency data and billing determinants by rate schedule for the test year) to accommodate the rate design changes desired by Owner and any other customer specific data to support the selected types of ratemaking proposals.

Task 6—Prepare and File Expert Testimony and Exhibits

Contractor’s project team members will support the results of our work in Tasks 2-5, as a part of Owner’s rate case filing through the preparation of pre-filed direct testimony and supporting exhibits, and will serve as an expert witness on behalf of Owner. At this stage, we expect to have Russell A. Feingold serve as Owner’s expert witness on costing and ratemaking matters.

Task 7—Support Owner’s General Rate Case Filing before the Commission

Contractor will provide the following services to Owner’s in support of its general rate filing before the Commission:

- Provide post-filing support for the pre-filed testimony as expert witnesses during Owner’s rate proceeding
- Provide analytical and/or testimonial support to rebut positions advocated by other parties
- Assist Owner in preparing responses to data requests and other informational requests
- Participate in settlement discussions with members of Owner’s management team and legal counsel; and
- Assist in preparing the technical aspects of Owner’s legal briefs and reviewing the briefs of other parties.

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

DESCRIPTION OF CONTRACTOR'S PROJECT PROCESS AND KEY ASSUMPTIONS

In all of Contractor's utility regulatory and ratemaking assignments, Contractor regularly relies upon a structured approach that enables Contractor's project team to properly assess the issues and strategic options available to Owner, and to manage Owner's rate case positions in an effective manner.

Contractor intends to collect the necessary information from Owner by submitting an initial informational request at the project initiation meeting and a more detailed request shortly after that meeting. A copy of Contractor's standard Cost of Service Study Informational Request is provided in **Appendix A**. These requests should provide Owner's staff with sufficient leadtime to compile the required information so Contractor can have it available to conduct our work and complete it on a timely basis. After Contractor receives the initial responses to Contractor's informational request, we will seek clarifications on the responses by discussing them with Owner through telephonic conferencing or in person, as the situation warrants.

During the course of Contractor's work effort, Contractor expects to schedule a series of interviews with Owner's staff members to discuss various issues and perspectives associated with the incurrence of costs and the operation of its gas distribution system in conjunction with the various studies and analyses.

Contractor has assumed for this project that Owner's staff will compile all raw accounting, operational, engineering, and financial data for the test year and that Contractor's staff will review, configure, and utilize such data for purposes of conducting Owner's cost of service studies and for developing its class revenue and rate design proposals. In addition, Contractor has assumed that Owner's staff will be available on a regular and timely basis to explain to Contractor's staff the details of its gas distribution operations, supporting plant investments, customer base, and associated customer care activities so that we can properly reflect them in the assignment of costs to its classes of service.

Finally, Contractor has assumed that if any income-related analysis for Owner's residential customers is required to evaluate the implementation of its proposed rate structure, the underlying income and gas consumption data will be gathered and compiled by Owner's staff under Contractor's direction.

PROJECT TIMING

To initiate the project, Contractor recommends that a kickoff meeting be scheduled at Owner's offices to discuss project scheduling and administrative issues. This would include discussions of project deadlines, critical path tasks, assignment of responsibilities between Owner and Contractor, and broad discussions of its costing, pricing, and regulatory objectives.

Under the assumption that Contractor and Owner can finalize its working arrangement by the end of November, 2012, we would be available to initiate this project in early December. For planning purposes, we have assumed that a project kickoff meeting would occur at that time in Owner's Offices in either Lexington or Columbus. We also have listed below the other milestone activities of the project, with estimated completion dates to satisfy the preliminary rate filing schedule provided to Contractor by Owner. It should be noted that the precise timing of these tasks will be dependent upon the timing of Owner's rate case preparation activities (e.g., finalizing of its total revenue requirement, strategic decisions on its rate proposals, and other key elements of the rate case).

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

ACTIVITY	COMPLETION DATE
Project initiation meeting	By December 14, 2012
Frame rate design issues and develop solutions	January 18, 2013
Conduct special studies for COSS	January 31
Conduct COSS for forecasted test year	February 28
Preliminary class revenue and rate design proposals	February 28

ACTIVITY	COMPLETION DATE
Complete other filing requirements	March 8
Outline of direct testimony	February 8
First draft of direct testimony	March 8
Finalize class revenue and rate design proposals	March 29
Final draft of direct testimony	April 5
Finalize direct testimony	April 19
File rate case	May 1

FEE ESTIMATE

Fees for the services of Contractor are based upon the time spent on the assignment by Contractor's professional staff at the established billing rates for the individuals involved. In addition to fees for services, expenses of professional staff (e.g., transportation, hotel, meals and telephone) while on assignment are billed to Owner at our actual cost. Contractor's budget estimates are based on Contractor's judgments of the time required by individuals to complete the required work tasks and Contractor's standard billing rates.

To help ensure that the depth of experience expected by Owner is provided, Contractor has proposed a more senior level team. However, wherever feasible, Contractor will use more junior staff to moderate the overall project cost without sacrificing project content.

It should be recognized that providing an accurate estimate of the cost of consulting services for evolving assignments of this type is often difficult. The anticipated level of effort required often varies because of the need to further gather, process, discuss, and review information during the project. Estimating the extent and elapsed time of work requires that we make certain assumptions in our proposed pricing arrangement related to the level of effort to be provided by the Owner and Contractor's staff. However, Contractor understands Owner's need for a project cost estimate as part of its consultant selection process.

Based upon Contractor's understanding of the scope of work to be performed and the schedule for the completion of the work, Contractor estimates on a time and materials basis that professional fees for

Exhibit B -- Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

completion of Tasks 1-6 of the project will range between approximately \$135,000 and \$150,000, excluding expenses. For any post-filing activities (Task 7) required by Owner, Contractor will bill for such services based upon Contractor's hourly billing rates of the individual(s) involved.

TITLE	HOURLY RATE
Vice President	\$400
Director	\$325
Principal Consultant	\$275
Manager	\$235
Consultant	\$200
Senior Analyst	\$185
Analyst	\$160

Contractor estimates that direct expenses for Contractor's staff will be approximately ten (10) percent of Contractor's professional fees. Such costs will be passed through to Owner on an as incurred basis.

Appendix A | Rate Case Preparation

Cost of Service Study Information Request

The following is an outline of the up-front information requirements necessary for Black & Veatch Corporation (“Black & Veatch”) to conduct subsidiary analyses or special studies of selected plant and expense components to support Columbia Gas of Kentucky’s Class Cost of Service Studies (“COSS”).

A. General Data Requirements

1. Rate Base Related:

- a. Plant in Service, by FERC account, as of 11/30/14 (end of Columbia’s forecasted test year)
- b. Depreciation Reserve by FERC account or by function (production, transmission, distribution, etc.) as of 11/30/14
- c. Other Rate Base items, by FERC account, as of 11/30/14
- d. Working Capital
- e. Construction Work in Progress (CWIP), Customer Advances (by customer class) or Contributions in Aid of Construction (CIAC), etc.

2. Operating Expense Related (by FERC account):

- a. Operation & Maintenance Expenses, including that portion of each account total that is labor cost
- b. Customer Accounting Expenses
- c. Customer Service and Information Expenses
- d. Sales Expenses
- e. Administrative and General Expenses, both plant and labor related
- f. Depreciation Expense (by FERC account or function)
- g. Taxes Other Than Income Taxes
- h. Income Taxes, including details of how they are calculated

3. Revenue, Sales/Throughput and Customers

- a. Revenues by customer rate classification with related revenue taxes
- b. Sales/throughput by customer classification for each month of the test year (actual “per books” and weather normalized)

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

- c. Number of customers in each class by month
- d. Billing/contract demand information for large sales and transportation customers
- e. Details of any other miscellaneous revenues

B. Subsidiary Analyses / Special Studies (see Details section below)

1. Direct Assignment to specific customers or customer classes of :
 - A. Plant investment in mains, services, meters, and regulators
 - B. Operating expenses for billing, metering, customer installations, marketing, conservation or sales programs, transportation administration, etc.
2. Mains investment and footage by size, type, and vintage year (see note related to customer-related classification of Mains)
3. Service investment and average footage by size, type, or information on typical installation by customer category
4. Meter investment by customer category or information on size and cost of typical/minimum size meter set assembly
5. Peak Day consumption by customer class
 - a. Coincident peak day during test year
 - b. System design peak day
6. Meter reading costs by customer category

Details of Data Requirements for Subsidiary Analysis / Special Studies

- A. Plant Investment – Distribution Mains (Account 376)
 1. As input to the “Zero Intercept” methodology for determination of a customer component classification of plant investment, total investment by pipe material type and size (e.g., steel, plastic, cast iron, 2”, 4”, etc.) restated to 2012 dollars (using the Handy-Whitman indices)
 2. Investment should include original cost of pipe and capitalized trenching and other construction / installation costs
 2. Total footage of pipe by size and material type
 4. Identify for direct assignment any specific facilities used to serve only certain customers (e.g., special contract transportation service customers)

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

- B. Plant Investment – Distribution Services (Account 380)
 - 1. Total investment (original cost) by pipe material type and size, by rate classification
 - 2. Total footage or average footage of service pipe by size and material type, by rate Classification
 - 3. Identify for direct assignment any specific facilities used to serve only certain customers (e.g., special contract transportation service customers)
- C. Plant Investment – Meters (Account 381)
 - 1. Total investment (original cost) by meter size (or model number) by rate classification
 - 2. Total number of meters by size, by rate classification
 - 3. Identify for direct assignment any special metering facilities used to serve only certain customers, including the investment in automated metering devices or telemetry equipment for transportation customers
- D. Plant Investment – House Regulators (Account 383)
 - 1. Total investment (original cost) by regulator size (or model number) by rate classification (if available)
 - 2. Total number of house regulators by size, by rate classification (if available)
 - 3. If rate class breakdown is not available, engineering should be able to assist with class Allocations
- E. Plant Investment – Industrial Measuring & Regulating Station Equipment (Account 385)
 - 1. Total investment (original cost) and description of facilities included by installation (station number, location, etc.)
 - 3. Information as to which customer classes these plant investments apply
- F. Plant Investment – Propane Equipment (Account 386)
 - 1. Propane equipment on customer premises or in new service territories
 - 2. Identify the number of customers by rate class participating in the propane bridging service program
- G. Plant Investment – CNG Equipment (Account 387)
 - 1. Total investment (original cost) and description of facilities by installation
 - 2. Identification of customer(s) for direct assignment

Exhibit B – Scope of Work & Pricing
SA 12-6183-00
Black & Veatch Corporation

H. Direct Assignment of Plant Investments

1. For all of the above plant investments that are eligible for direct assignment to specific customers or customer classes, the related depreciation reserve and depreciation expense (if available) is needed
2. For these directly assigned plant investments, information on the specific customer loads and annual consumption is needed so it can be removed from any general allocation factors used for the remaining plant investments

I. Expenses – Customer Installations (Account 879)

1. Identify any particular programs or expenses within this account that can be directly assigned to customer classes, e.g., residential, commercial, etc. Are any of these expenses attributable to industrial, interruptible, or transportation customers?

J. Expenses – Meter Reading and Customer Billing (Accounts 902 & 903)

1. Identify any expenses within these accounts related to telemetry and/or transportation administration, manual v. system billing, etc. (these costs may also be found in gas supply or dispatch or marketing)
2. Where the general ledger or budget reporting systems permit, show expense detail by cost type and/or cost center
3. For those meters that are read manually, are ITRON statistics or manpower analyses available related to length of time to read various types of meter installations or number of meters read per hour/day?

K. Expenses – Uncollectible Accounts (Account 904)

1. Identify the customer classes to which this expense applies through analysis of monthly write-offs, bad debts, etc.

L. Expenses – Customer Service & Information (Accounts 908 – 910) and Sales (Accounts 912 – 916)

1. Identify programs, e.g., conservation (Account 909) and the associated customer classes served for direct assignment of these categories of expenses
2. Utilize available program budget information or marketing/sales expense analysis (breakdown by cost type and/or cost center) to apportion costs that cannot be directly Assigned

M. Peak Day Demand Study

1. Determine test year system peak day demand by customer rate classification using system gas sendout data, daily telemetering data, and regression analysis on customer billing data and Heating Degree-Days (HDDs)
2. System design day HDDs to apply to results of regression analysis (M.1, above)
3. Information on deliverability resources, distribution system planning, engineering design criteria and available load modeling results for validation of system design day

Exhibit C— Document Control, Reporting & Audit Provisions
SA 12-6183-00
Black & Veatch Corporation

RECORDS RETENTION PROGRAM

Contractor shall maintain during the performance of all Work under this Service Authorization, complete and accurate records of all Contractor's costs which are chargeable to Owner under this contract. The records to be thus maintained and retained by Contractor must provide sufficient detail for such charges and shall include (without limitation):

- Payroll records (hours, employee name, employee classification, multiplier breakdown etc.) that account for total time worked under such contract.
- Canceled payroll checks or signed receipts for cash payroll.
- Invoices (including all back-up details) for purchases, receiving and issuing documents, and all inventory records for Contractor's stock or capital items.
- Paid invoices and canceled checks for purchased materials, subcontractor and third-party charges.
- Records relating to air freight and ground transportation, including but not limited to handling, hauling, and disposing of materials/equipment.

In addition, Contractor shall assist Owner with respect to ensuring that all subcontractors adhere to and comply with the same requirements herein.

DOCUMENTATION

Both parties understand that to preserve the integrity of the relationship and to provide a reasonable level of quality assurance with respect to contract compliance, it is necessary to periodically conduct a detailed audit in accordance with the defined parameters stated herein.

Electronic Data File- In conducting the audit, Owner requires that Contractor provide electronic data files containing all required information for all Owner invoice activity for the entire audit period. The data files shall be in a file format compatible with industry accepted financial software applications (MS – Excel, Access), and contain data elements of all items invoiced by the Contractor. A listing of the minimum data field requirements is included in the attached Appendix 1 titled Auditing Documentation, section 1.

REIMBURSEMENT

As part of the review process, both parties understand and agree that should errors occur, payment shall be made in accordance with the following terms. For all errors found in Owner's favor, such errors shall be offset by the errors in favor of Contractor. More specifically, if the total aggregate errors found demonstrate underpayments to the Contractor, Owner shall reimburse Contractor for the corresponding underpayments. Conversely, should the total aggregate errors found demonstrate overpayments to Contractor, then Owner shall be reimbursed for the corresponding overpayments made. Both parties agree that any undercharges or overpayments, once identified and agreed upon, shall be paid within thirty (30) days of written notice to the other party.

Appendix 1

AUDITING DOCUMENTATION

Electronic Data File Audits:

Electronic data file audits will entail review of all invoice data for the audit period in electronic file format. The data files should contain the following fields:

<u>Invoice Data</u>	<u>Payroll Data (Services)</u>
Invoice number (all)	Employee name
Invoice date (all)	Employee number
Employee name (services)	Work week ending
Employee number (services)	Job classification
Job classification (services)	Wage code (ST, OT, DT, etc.)
Wage code (ST, OT, DT, etc.) (services)	Union code
Union code (services)	Date worked
Date worked (services)	Job number
Job number (all)	Hours
Contract/Purchase Order number (all)	Hourly Rate
Supplier Sales Order number (materials)	Gross Wages
Transaction Type (stock vs. buyout) (materials)	SUTA Wages
Ship-to address (materials)	SUTA Taxes
Ship date (materials)	FUTA Wages
Client Product code/part number (materials)	FUTA Taxes
Supplier Product code/part number (materials)	FICA Wages
Supplier Product description (materials)	FICA Taxes
Product (service) description (all)	
Equipment Unit and/or Serial number(s) (rentals)	
Equipment description (rentals)	
Rental begin date (rentals)	
Rental end date (rentals)	
Quantity (all)	
Unit-of-measure (all)	
Unit price billed (all)	
Total dollars invoiced (all)	
Tax (all)	
Freight (materials)	

P. MOUL & ASSOCIATES
251 HOPKINS ROAD
HADDONFIELD, NJ 08033
TELEPHONE: 856.428.7515 • FACSIMILE: 856.428.0026

December 10, 2012

Ms. Judy M. Cooper
Director, Regulatory Services
Columbia Gas of Kentucky, Inc.
2001 Mercer Road, P.O. Box 14241
Lexington, KY 40512

Dear Ms. Cooper:

I am pleased to submit this proposal to provide you with rate of return testimony for the rate case filing by Columbia Gas of Kentucky, Inc. I understand that you will make a filing with the Kentucky Public Service Commission in the first quarter of 2013. As part of that filing, I will provide you with support for the Company's rate of return, including the capital structure ratios, the embedded cost of debt, and the cost of equity. For my cost of equity determination, I will use a variety of approaches that will include the Discounted Cash Flow model, the Risk Premium approach, the Capital Asset Pricing Model, and the Comparable Earnings method.

The fee for my analysis will be \$29,000. This represents a cost not to exceed quote. I have excluded from this quote the time and expense associated with meetings outside my office that may be necessary during the preparation of my testimony. Those costs will be billed separately. While my fee quote represents the maximum amount for the preparation of my direct testimony and supporting exhibit, the billings will be based upon hours actually logged to the case if they are less than anticipated.

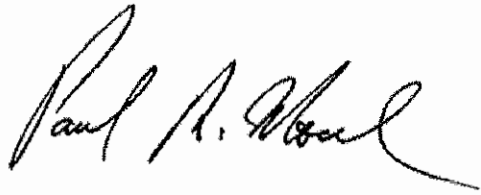
As you know, a considerable amount of your rate case expense usually occurs after the filing of the direct testimony. Time is usually required for responding to interrogatories, analyzing the cost of equity testimony by opposing parties, preparing rebuttal testimony, attending evidentiary hearings for cross-examination, and assisting your rate case counsel. These post-filing activities will be billed at the following hourly rates plus reimbursement of out-of-pocket expenses (i.e., duplication, telephone, delivery, and travel costs).

Ms. Judy M. Cooper
Columbia Gas of Kentucky
December 10, 2012
Page 2

	Hourly rate
Paul Moul	\$290
Clerical	\$ 72

My experience in previous cases shows that the cost for the post-filing activities (i.e., interrogatory responses, rebuttal, etc.) usually equals the amount for the preparation of the direct testimony. As such, a guide to an estimate for the entire case would be approximately \$58,000, to which out-of-pocket expenses should be added. I trust that this proposal will be acceptable to you. If you have any questions concerning the scope of my testimony or my fee, please call.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul R. Moul", with a long, sweeping flourish extending to the right.

Paul R. Moul

/mt



Excellence Delivered As Promised

December 20, 2012

Columbia Gas of Kentucky
2001 Mercer Road
Lexington, KY 40512

Attention: Ms. Judy Cooper
Director, Regulatory Services

Ladies and Gentlemen:

Proposal for Depreciation Study

The Valuation and Rate Division of Gannett Fleming, Inc. is pleased to submit this proposal to Columbia Gas of Kentucky (CGK) to conduct a depreciation study of its gas plant as of December 31, 2012. Our proposal is based on the conference call held on December 17, 2012, as well as our experience in conducting depreciation studies for CGK and other gas companies.

The proposed study will encompass the estimation of service lives and net salvage for depreciable gas plant, a review of plant accounting and depreciation policies, the calculation of annual and accrued depreciation and recommendations for annual depreciation accrual rates. A report setting forth the study results and, if required, expert testimony, will be prepared in a form suitable for filing with the Kentucky Public Service Commission. This study will be managed and coordinated by Mr. John J. Spanos.

SCOPE OF SERVICES

The scope of services to conduct a depreciation study will consist of six major tasks up to the date of filing. Once completed, we will provide support for the study in regulatory proceedings.

Gannett Fleming will initiate the CGK depreciation study with a data requirements list which will represent an update since our last study. Given our past conduct of depreciation studies for CGK, discussions with management will assist in determining the Company's objectives. Additionally, we will review with management the various depreciation methods, procedures and techniques that are available for use in the study of gas utility plant.

Gannett Fleming, Inc.
Valuation and Rate Division

P.O. Box 67100 • Harrisburg, PA 17106-7100 • 207 Senate Avenue • Camp Hill, PA 17011-2316
t: 717.763.7211 • f: 717.763.4590

www.gannettfleming.com • www.gfvrd.com



Task 1. Data Assembly, Analyses and Review. The plant accounting data assembled by CGK will be reviewed by Gannett Fleming staff and a proprietary "post audit" computer program for control and logic. For example, items such as debit retirements will be identified and reviewed with CGK personnel to determine their circumstances and whether they require adjustment or represent correcting entries.

Gannett Fleming will analyze the data for historical indications of service life and net salvage characteristics. The retirement rate method of analysis will be used to develop indications of service life for most property groups. Trends in average service life and survivor curve shape will be identified through the use of experience and placement bands analyses with the retirement rate model.

Annual net salvage, gross salvage, and cost of removal amounts will be expressed as a percent of annual retirements. Moving averages will be computed to smooth the annual indications.

Task 2. Field Review and Management Conference. A field review was conducted in 2008 during the last study so the need for a visit will be determined after data is reviewed. The field review will include visits to the Company's major above-ground facilities, such as representative measuring and regulating stations, industrial metering stations, city gate or delivery stations, service centers and office buildings. The purpose of the field inspections will be to obtain information related to the operation and condition of the property and to evaluate any unique operating conditions.

We will meet with appropriate CGK personnel to obtain additional information related to the outlook for the property. The results of the statistical analyses conducted in Task 1, comparisons to the typical range of lives used in the industry, and our general experience will be reviewed as a basis for forecasting future survivor characteristics. The discussion will focus on the past forces of retirement which produced the historical indications of service life and the extent to which future forces such as obsolescence, technology, environmental factors, etc., will be similar to or different from the past forces.

Task 3. Preliminary Estimates and Depreciation Calculations. The results of the statistical analyses performed during Task 1 will be combined with our knowledge of the service life and net salvage estimates for other gas utilities to arrive at judgments of average service life, survivor curve and net salvage percent for each depreciable property group. Annual depreciation accrual rates will be calculated by property group based on the estimated survivor curves, net salvage percents and gas plant in service as of December 31, 2012. The annual accrual rates will be calculated based on appropriate combinations of the several group depreciation procedures (average life group and equal life group) and bases (whole life and remaining life). The calculated accrued depreciation or "theoretical reserve" also will be calculated for comparison with the book reserve.

Task 4. Review with Management. The results of the depreciation calculations and the bases for such calculations will be reviewed with management to insure that the results are in accordance with management's capital recovery policies and outlook. We will also be prepared to calculate results as of December 31, 2014 to reflect the fully forecasted rate year, if desired.

Task 5. Final Estimates and Calculations. Final calculations of depreciation accrual rates and accrued depreciation by account will be performed in order to reflect appropriate modifications as determined during the review with management.

Task 6. Draft and Final Reports. Gannett Fleming will draft a report setting forth the results of its study. The report will include a description of the methods used in the study, the depreciation calculations for each property group and the statistical analysis supporting the service life and net salvage estimates. The draft report will be submitted to CGK management for comments. The final report reflecting comments received from CGK will be prepared prior to the April 26, 2013 filing date.

Time and Material Cost/ Regulatory Proceedings

Gannett Fleming will support the depreciation study throughout the regulatory process, responding to depreciation-related information requests, and providing expert testimony in a regulatory hearing.

The workload associated with the regulatory process varies significantly from one proceeding to another; therefore, it is difficult to estimate the effort associated with responding to information requests and actual attendance in hearings. However, we have developed an estimate required for this task based on recent cases in Kentucky. Thus, an estimate has been included in this proposal as Time and Material cost.

Gannett Fleming's charge for work subsequent to the submission of the report to CGK is determined on an hourly basis using the same billing rates as used for all other tasks.

BASIS FOR COMPENSATION

The Valuation and Rate Division of Gannett Fleming, Inc. proposes to perform the depreciation services, and other related services which you may authorize, on the basis of the hourly billing rates for our personnel, plus reimbursement of direct expenses. The estimated cost for our services, including direct expenses, is as follows:

Pre Filing		
Depreciation Study as of December 31, 2012		\$ 27,000
Depreciation Calculations as of December 31, 2014		5,000
Post Filing		
Time & Material Cost		7,000

Direct expenses include expenditures such as transportation, board and lodging, incidental expenses incurred while working at the client's location, and any other expenses required by virtue of the assignment and not incidental to the normal conduct of the study.

Page 4

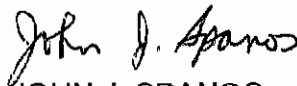
Our billing rates for personnel are attached.

It is our preference to render invoices monthly based on the work performed, inasmuch as there are few interim deliverables.

The estimated cost of \$27,000 excludes charges for work subsequent to the completion of the final report, i.e., work in connection with a proceeding before the Kentucky Public Service Commission. The estimated charges for post filing services are \$7,000. The estimated charges of \$5,000 for the fully forecasted rate year calculations will vary based on the requirements and scope requested.

We appreciate the opportunity of submitting this proposal to Columbia Gas of Kentucky. If you have any questions or comments, please do not hesitate to call me at 717-763-7212, ext. 2246.

Very truly yours,



JOHN J. SPANOS
Sr. Vice President
Valuation and Rate Division

JJS:krm

Attachment

GANNETT FLEMING, INC.
VALUATION AND RATE DIVISION

BILLING RATES

EFFECTIVE DECEMBER 29, 2012

<u>Personnel</u>	<u>Hourly Rate</u>
SUPERVISORY STAFF	
P. R. Herbert, President	\$235.00
J. J. Spanos, Vice President	225.00
L. E. Kennedy, Director, Canadian Services	225.00
C. R. Clarke, Director, Western U.S. Services	225.00
H. Walker, III, Manager, Financial Studies	210.00
J. F. Wiedmayer, Jr., Project Manager, Depreciation	180.00
STAFF	
Analysts and Engineers	150.00
Associate Analysts and Engineers	135.00
Assistant Analysts and Engineers	120.00
Senior Technicians	95.00
Support Staff	95.00

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

55. Provide the following information for calendar year 2012 concerning Columbia and any affiliated service corporation or corporate service division/unit:

a. A schedule detailing the costs directly charged or allocated by Columbia to the service corporation. Indicate the Columbia accounts where these costs were originally recorded. For costs that are allocated, include a description of the allocation factors utilized.

b. A schedule detailing the costs directly charged or allocated by the service corporation to Columbia. Identify the Columbia accounts where these costs were recorded. For costs that are allocated, include a description of the allocation factors utilized.

Response:

- a. Columbia charged the Service Corporation \$46,320 for rent expense related to the Lexington office building during the twelve months ended 12/31/2012. These costs were originally recorded to the following Columbia accounts:

<u>Account</u>	<u>Description</u>	<u>Total</u>
493	Rent from Gas Property	16,824
881	Rents	924
930	Miscellaneous General Expenses	28,572
	Total Charges billed to NiSource Corporate Services	46,320

b. The Service Corporation billed Columbia \$13,449,161 during the twelve months ended 12/31/2012. These costs were billed as follows:

<u>Service Corporation Costs</u>	<u>Amount</u>
Direct Billed to Columbia	4,894,795
Allocated to Columbia	8,554,366
Total	13,449,161

For a description of the allocation factors utilized and the breakdown of allocated costs by basis, please refer to Filing Requirement #12-U-(1-4).

These costs were for total company gas operations. These charges were recorded to the following accounts:

Columbia Gas Of Kentucky Inc.		
Summary of Contract Bill from NiSource Corporate Services		
Twelve Months - January 2012 thru December 2012		
<u>Account</u>	<u>Description</u>	<u>Total</u>
107	Construction Work In Progress	1,699,606
146	Accounts Receivable from Assoc. Co.	6,957
186	Miscellaneous Deferred Debits	30
426	Contract Billing	14,976
807	Purchase Gas Expense - Management Services	400,612
870	Operation Supervision and Engineering	518,601
874	Mains and Services Expenses	12,777
885	Maintenance Supervision and Engineering	32
887	Mains and Service Expenses	22,521
890	Maintenance of Measuring and Regulating Station Equipment - Industrial	24,935
892	Maintenance of Services	3,270
893	Maintenance of Meters	36,981
894	Maintenance of Other Equipment	69,187
903	Customer Records and Collection Expenses	1,539,935

908	Customer Service and Information	57,442
909	Advertising	48,751
910	Customer Service and Information - Misc. Expenses	357,958
912	Sales Expenses - Marketing	33,383
913	Sales Expenses - Advertising	38,660
920	General Expense	24
923	Outside Services Employed	8,562,526
	Total Charges for Contract Bill from NiSource Corporate Services	13,449,161

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

56. Provide the following information for calendar year 2012 concerning all affiliate-related activities not identified in response to Item 55:

a. Provide the names of affiliates that provided some form of service to Columbia and the type of service Columbia received from each affiliate.

b. Provide the names of affiliates to whom Columbia provided some form of service and the type of service Columbia provided to each affiliate.

c. Identify the service agreement with each affiliate, state whether the service agreement has been previously filed with the Commission, and identify the proceeding in which it was filed. Provide each service agreement that has not been previously filed with the Commission.

Response:

a. Please refer to Attachment A of the response which reflects 2012 accounts payable activity with affiliated companies.

Columbia Gas of Kentucky, Inc.
 2012 Intercompany Payables
 Goods and/or Services Provided to Columbia

<u>Company</u>	<u>Labor</u>	<u>Outside Services</u>	<u>Materials Supplies</u>	<u>Rents</u>	<u>Employee Benefits</u>	<u>Utilities</u>	<u>Gas Purchase</u>	<u>Interest</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
Columbia Gas of Ohio	853,583	405,657	646,378	1,478	151,623	215	16,218	-	37,024	144,591	2,256,766
Columbia Gas Of Maryland	-	88	-	-	21	-	-	-	-	-	109
Columbia Gas Of Pennsylvania	1,125	111,221	17,974	10,750	159	45	-	-	152	2,292	143,717
Columbia Gas of Virginia	498	56,848	48,076	-	132	-	-	-	10	2,860	108,424
Columbia Network Services Company	-	-	-	6,000	-	-	-	-	-	-	6,000
Columbia Gas Transmission	38,318	-	-	400	-	-	17,781,560	-	-	5,293	17,825,571
Columbia Gulf Transmission	-	-	-	-	-	-	1,182,073	-	-	-	1,182,073
Central Kentucky Transmission	-	-	-	-	-	-	136,723	-	-	-	136,723
NiSource Incorporated	-	-	-	-	151,732	-	-	-	-	64	151,796
NiSource Finance Company	-	-	-	-	-	-	-	4,672,202	-	-	4,672,202
2012 Total Intercompany Payables	893,523	573,814	712,428	18,628	303,667	259	19,116,573	4,672,202	37,185	155,100	26,483,380

- b. Please refer to Attachment B of the response which reflects 2012 accounts receivable activity with affiliated companies.

- c. Columbia Gas Transmission, Columbia Gulf Transmission and Central Kentucky Transmission are regulated by the Federal Energy Regulatory Commission ("FERC"). Services provided are pipeline transportation and storage with agreements pursuant to the FERC tariffs of each entity and reflected in Columbia's gas cost adjustment in Case No. 2004-00153 and Columbia's Progress Reports submitted pursuant to Administrative Case No. 384. NiSource Finance Company transactions are pursuant to authorizations and issuances reported in Case Nos. 2005-00400, 2008-00403 and 2012-00418. Columbia provides billing services to NiSource Retail Services pursuant to the agreement filed in Case No. 2011-00299.

Columbia Gas of Kentucky, Inc.
 2012 Intercompany Receivables
 Goods and/or Services Provided by Columbia

<u>Company</u>	<u>Labor</u>	<u>Outside Services</u>	<u>Materials Supplies</u>	<u>Rents</u>	<u>Employee Benefits</u>	<u>Utilities</u>	<u>Refunds</u>	<u>Interest</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
Columbia Gas of Ohio	206,036	64,779	72,215	14,305	37,996	483	-	-	1,245	37,535	434,595
Columbia Gas Of Maryland	292	256	1,462	-	71	-	-	-	-	1,063	3,144
Columbia Gas Of Pennsylvania	7,063	8,726	38,992	439	3,118	-	-	-	99	11,701	70,139
Columbia Gas of Virginia	2,583	2,072	7,938	-	290	-	-	-	19	5,997	18,898
Columbia Gas Transmission	6,566	-	-	-	1,810	-	-	-	43	-	8,420
Columbia Gulf Transmission	-	-	-	-	-	-	225,241	-	-	-	225,241
Central Kentucky Transmission	6,957	-	-	-	-	-	-	-	4,228	-	11,185
NiSource Retail Services	-	-	-	-	-	-	-	-	-	16,356	16,356
NiSource Incorporated	-	-	-	-	148,937	-	-	-	-	-	148,937
NiSource Finance Company	-	-	-	-	-	-	-	531,444	-	-	531,444
2012 Total Intercompany Receivables	229,498	75,833	120,607	14,744	192,222	483	225,241	531,444	5,634	72,652	1,468,358

Note: Refunds relate to gas purchases by Columbia from affiliates which are included as goods and/or services provided to Columbia on Attachment A.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

57. Describe Columbia's lobbying activities and provide a schedule showing the name, salary, and job title of each individual whose job function involves lobbying on the local, state, or national level.

Response:

Columbia reviews and monitors draft and proposed federal, state and local legislation, state and federal executive branch decisions and regulations, and other regulatory actions that many impact its business. From time to time, Columbia will interact, through its registered legislative and executive branch lobbyists, with various government officials and agencies to inquire about, influence and analyze the effect of proposed and adopted laws and regulations.

None of the salaries, costs and expenses of the lobbying activities described in this response is included in this rate filing.

Columbia's sole registered Kentucky legislative lobbyist is its Director of Government Affairs John H. "Brack" Marquette. Mr. Marquette is a Columbia employee and the allocated salary and expenses incurred from Mr. Marquette's

lobbying activities are enumerated in the various public filings of the Kentucky Legislative Ethics Commission. In the 2012 session of the Kentucky General Assembly, the portion of Mr. Marquette's salary (and accompanying expenses) attributable to legislative lobbying were \$21,346.

Columbia's sole registered Kentucky executive branch lobbyist is David M. Whitehouse of Whitehouse-Riddle Strategic Solutions LLC. During 2012, fees paid to Mr. Whitehouse were \$27,000. Mr. Whitehouse also makes required public filings with the Kentucky Executive Branch Ethics Commission.

Columbia also depends on the resources of the NiSource governmental affairs office in Washington, D.C. The lobbying expense of these NiSource employees are traditionally included in the monthly charges from NiSource Corporate Service, but have been excluded from this rate filing.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

58. Regarding demand-side management, conservation and energy-efficiency programs, provide the following:

- a. A list of all programs currently offered by Columbia.
- b. The total cost incurred for these programs by Columbia in each of the three most recent calendar years.
- c. The total energy reductions realized through these programs in each of the three most recent calendar years.
- d. The total cost for these programs included in the proposed forecasted test period and the expected energy reductions to be realized therefrom.

Response:

- a. Columbia's current demand-side management, conservation and energy-efficiency program offerings are set forth on its Tariff Sheet No. 51h and is attached hereto as Attachment A.
- b. 2010: \$238,769 2011: \$951,103 2012: \$1,156,404
- c. 2010: 886.8 Mcf 2011: 11,911.2 Mcf 2012: 9,449.0 Mcf

d. The proposed forecasted test period does not contain any costs for these programs. The cost of the programs is recovered pursuant to Columbia's Energy Efficiency and Conservation Rider and no costs are included in base rates.

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

ENERGY EFFICIENCY/CONSERVATION PROGRAM
Approved DSM Measures

RESIDENTIAL

1. High Efficiency Appliance Rebates – provides a rebate to customer based upon installation of high-efficiency natural gas appliances. The rebate amount varies with the appliance(s) installed as shown below:

Natural Gas Appliance	Efficiency Level	Size	Rebate Amount
Forced Air Furnace	90% or greater	30,000 BTU or greater	\$400
Dual Fuel Furnace	90% or greater	30,000 BTU or greater	\$300
Space Heater	%99	10,000 BTU or greater	\$100
Gas Logs	%99	18,000 BTU or greater	\$100
Gas Fireplace	90% or greater	18,000 BTU or greater	\$100
Tank Hot Water Heater	0.62 Energy Factor	40 gallon or greater	\$200
Power Vent Hot Water Heater	0.62 Energy Factor	40 Gallon or greater	\$250
On Demand Hot Water Heater	0.67 Energy Factor		\$300

2. Home Energy Audit – provides a walk-through audit to the customer at no charge. The customer is provided a summary of what was found during the audit and information regarding suggested weatherization actions that can be taken to improve the energy efficiency of the home.
3. Low-Income Furnace Replacement - in partnership with the Community Action Council, replaces old, non-working or inefficient furnace equipment with high-efficiency models for income-eligible customers.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
DATE EFFEC <i>Brent Kistley</i> 7, 2009
EFFECTIVE 10/27/2009
PURSUANT TO 807 KAR 5:011 SECTION 9 (1) President

DATE OF ISSUE:: April 30, 2012

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

ISSUED BY: *Herbert A. Miller Jr.*

KY PSC Case No. 2013-00167
Response to Staff's Data Request No. 059
Respondent: Herbert A. Miller, Jr.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

59. To the extent not included in other responses, provide all workpapers, calculations, and assumptions Columbia used to develop its forecasted test period financial information.

Response:

Please refer to the testimony, schedules, and workpapers included in Columbia's application.