

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC.)
FOR AN ORDER AUTHORIZING THE ISSUANCE AND) CASE NO.
SALE OF PROMISSORY NOTES AND AUTHORIZED) 2008-00403
BUT UNISSUED COMMON STOCK)

INITIAL DATA REQUEST OF COMMISSION STAFF
TO COLUMBIA GAS OF KENTUCKY, INC.

Columbia Gas of Kentucky, Inc. ("Columbia"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Columbia shall make timely amendment to any prior responses if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which

Columbia fails or refuses to furnish all or part of the requested information, Columbia shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. In Section E of the application, Columbia states that it is requesting authority to issue new notes and/or stock not to exceed a total of \$30,000,000. Given that its June 30, 2008 balance sheet, included as Exhibit A of the application, shows that Columbia has an equity-to-debt ratio of 64 percent to 36 percent, describe in detail the factors that will be considered to determine the mix of notes and stock to be issued.

2. In Section H of the application, Columbia states that new money of up to \$30,000,000 is needed in order to finance its capital program "and for other corporate purposes". List and describe the "other corporate purposes" for which the money is to be used.

3. Section J of the application states that the interest rate of the notes will be determined by the corresponding applicable Treasury yield plus the yield spread on corresponding maturities for companies with a credit risk profile equivalent to that of Columbia's affiliate, NiSource Finance Corp. ("NiSource"), effective on the date of issue.

a. Provide the estimated range within which Columbia expects the interest rate(s) on the notes to fall. Also explain whether Columbia has established, or plans to establish, an upper limit on the interest rates at which it will issue new notes.

b. Describe the effect Columbia expects the current condition of the credit market will have on the rate of interest that will be incurred on the notes as well as the process of issuing the notes.

c. Explain how the method described in Section J for determining the interest rate will ensure that Columbia obtains the lowest interest rate that would be available in the capital markets.

d. Provide the current financial profile of NiSource.

e. Provide a list of companies having financial profiles similar to NiSource.

f. Refer to Columbia's response to Item 1 of the Commission Staff's first data request in Case No. 2005-00400¹, which stated that Columbia did not have a stand-alone credit rating and that there were no plans to secure an independent credit rating for Columbia. Has this condition changed since that case was finalized? If so, provide Columbia's current financial profile.

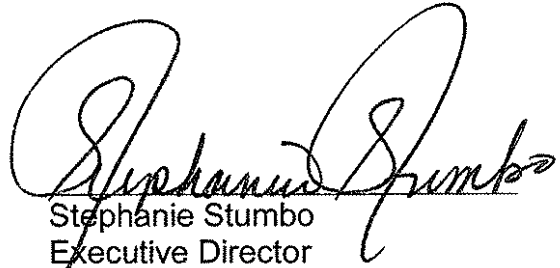
4. Section K of the application states that Columbia is proposing to issue up to 147,752 shares of authorized but unissued stock. As stated in Section F of the application, Columbia has 1,100,000 shares of common stock authorized and 952,248

¹ The Application of Columbia Gas of Kentucky for an Order Authorizing the Issuance and Sale of Promissory Notes, final Order dated December 22, 2005.

shares issued and outstanding; therefore, Columbia is requesting approval to issue all of its remaining authorized shares of stock.

a. State the effect, if any, the issuance of all of its authorized stock will have on Columbia.

b. State whether Columbia has plans to authorize additional shares of stock.



Stephanie Stumbo
Executive Director
Public Service Commission
P.O. Box 615
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DATED: October 30, 2008.

cc: All Parties