ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration or continuous offering process. Under this process, NiSource may offer shares of its common stock or preferred stock, and NiSource Finance may offer various series of its debt securities guaranteed by NiSource, from time to time using this prospectus and related prospectus supplements. These securities may be offered up to a total amount of $2.5 billion.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities and guarantees we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices mentioned under the heading "Where You Can Find More Information."

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to "NiSource" refer to NiSource Inc. and references to "NiSource Finance" refer to NiSource Finance Corp. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to "securities" refer collectively to the common stock, preferred stock, debt securities and guarantees of debt securities registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC's public reference rooms at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, Seven World Trade Center, Suite 1300, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain additional information about the public reference rooms by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (http://www.sec.gov) that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including NiSource.

You may also read reports, proxy statements and other documents relating to NiSource at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document that NiSource, or one of its corporate predecessors, NiSource Inc. (incorporated in Indiana) and Columbia Energy Group, has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Information that NiSource files with the SEC after the date of this prospectus will automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference our Current Reports on Form 8-K dated November 1, 2000, November 3, 2000, November 6, 2000 (as amended November 7, 2000) and November 7, 2000 and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities. We also incorporate by reference the following documents filed with the SEC by our corporate predecessor NiSource Inc. (incorporated in Indiana) (SEC File Number 1-9779):

- NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;

- NiSource's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000;

- NiSource's Current Reports on Form 8-K dated February 14, 2000, February 24, 2000, March 3, 2000, April 3, 2000, April 25, 2000, June 13, 2000, September 1, 2000, September 13, 2000 and October 31, 2000; and

- NiSource's definitive joint proxy statement/ prospectus dated April 24, 2000.

We also incorporate by reference the following documents filed with the SEC by our corporate predecessor Columbia Energy Group (SEC File Number 1-1098):

- Columbia's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;

- Columbia's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000; and

- Columbia's Current Reports on Form 8-K dated January 27, 2000, April 13, 2000, May 3, 2000, May 12, 2000, May 22, 2000, June 2, 2000, June 15, 2000, July 14, 2000, October 2, 2000, October 12, 2000, October 16, 2000 and November 1, 2000.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (219) 853-5200.

NiSource maintains an Internet site at http://www.nisource.com which contains information concerning NiSource and its subsidiaries. The information contained at NiSource's Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, in any prospectus supplement and in the documents incorporated by reference are forward-looking statements within the meaning of the securities laws. These statements concern our plans, expectations and objectives for future operations. Any statement that is not a historical fact is a forward-looking statement. We use the words “estimate,” “intend,” “expect,” “believe,” “anticipate” and similar expressions to identify forward-looking statements, but some of these statements may use other phrasing. NiSource undertakes no obligation to release any revisions to these forward-looking statements publicly to reflect events or circumstances after the date of this prospectus or accompanying prospectus supplement or to reflect the occurrence of unanticipated events. While we make the forward-looking statements in good faith and believe they are based on reasonable assumptions, these statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include:

- the weather;
- the federal and state regulatory environment, including changes in environmental and other laws and regulations to which we are subject;
- the economic climate;
- growth in our service territories;
- customers’ usage patterns and preferences;
- the degree to which and the speed with which competition changes the utility industry;
- fluctuation in supply and demand for energy commodities and the timing and extent of changes in commodity prices;
- changing conditions in the capital and equity markets;
- whether, and the extent to which, we achieve efficiencies and cost savings from the integration of the former NiSource and Columbia Energy Group businesses; and
- other uncertainties, all of which are difficult to predict, and many of which are beyond our control, including factors we discuss in this prospectus and any prospectus supplement and our filings with the SEC.

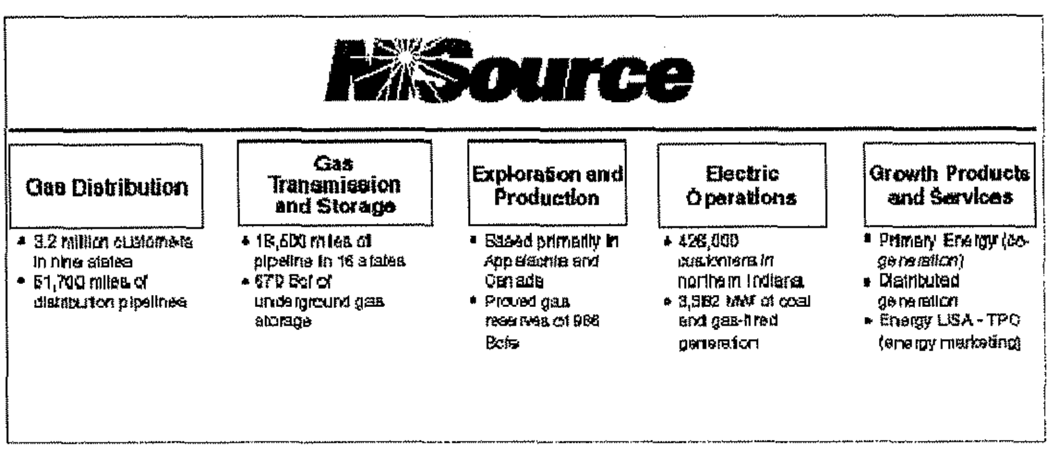
Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

NISOURCE INC.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England. On November 1, 2000, NiSource completed its acquisition of Columbia Energy Group for an aggregate consideration of approximately $6 billion, with 30% of the consideration paid in common stock and 70% of the consideration paid in cash and SAILS^{SM} (units each consisting of a zero coupon debt security coupled with a forward equity contract). NiSource also assumed approximately $2 billion in Columbia debt.

As a result of the acquisition, NiSource is the largest natural gas distribution company, as measured by number of customers, operating east of the Rockies. NiSource's principal subsidiaries include the Columbia Energy Group, a vertically-integrated natural gas distribution, transmission, storage and exploration and production holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource's business lines include:

- natural gas distribution;
- natural gas transmission and storage;
- exploration and production;
- electric operations; and
- growth products and services.



Strategy. NiSource is focused on becoming the premier energy company serving customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. NiSource believes natural gas will be the fuel of choice to meet the corridor's growing energy needs. The merger with Columbia furthers this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution, storage and exploration and production assets in Ohio, the Mid-Atlantic and Appalachia and Columbia's interstate transmission assets.

Gas Distribution. NiSource has the nation's second largest volume of gas sales, on average over 2.3 billion cubic feet per day. Through its wholly-owned subsidiary, Columbia Energy Group, NiSource owns five distribution subsidiaries that provide natural gas under the Columbia Gas name to nearly 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. NiSource also distributes natural gas to approximately 751,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, NiSource's subsidiaries, Bay State Gas Company and Northern Utilities, Inc., distribute natural gas to more than 320,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. NiSource's subsidiaries, Columbia Gas Transmission Corporation and Columbia Gulf Transmission Company, own and operate an interstate pipeline network of approximately 16,250 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, Columbia Gas Transmission and Columbia Gulf serve customers in 15 northeastern, mid-Atlantic, midwestern and southern states and the District of Columbia. In addition, Columbia Gas Transmission operates one of the nation's largest underground natural gas storage systems capable of storing approximately 670 billion cubic feet of natural gas.

Columbia Gas Transmission is also participating in the proposed 442-mile Millennium Pipeline Project that has been submitted to the Federal Energy Regulatory Commission for approval. As proposed, the project will have the capacity to transport approximately 700 billion cubic feet of natural gas per day from the Lake Erie region to eastern markets.

NiSource's wholly-owned subsidiaries own and operate interstate pipelines connecting northwest Indiana and Ohio as well as Massachusetts and Maine. In addition, NiSource owns a 19% interest in a pipeline linking production areas in New Brunswick, Canada to Maine, New Hampshire and Massachusetts.

Exploration and Production. NiSource also owns Columbia Energy Resources, Inc., an exploration and production subsidiary that explores for, develops, gathers and produces natural gas and oil in Appalachia and Canada. As of December 31, 1999, Columbia Energy Resources held interests in approximately 3.9 million net acres of gas and oil leases and had proved gas reserves of nearly 966 billion cubic feet of natural gas equivalent. Columbia Energy Resources owns and operates 8,188 wells as well as 6,069 miles of gathering facilities.

Electric Operations. NiSource generates and distributes electricity to the public through its subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 426,000 customers in 30 counties in the northern part of Indiana. Northern Indiana owns and operates four coal-fired electric generating stations with a net capability of 3,179 megawatts, four gas fired combustion turbine generating units with a net capability of 203 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts, for a total system net capability of 3,392 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 1999, Northern Indiana generated 89.9% and purchased 10.1% of its electric requirements.

Growth Products and Services. NiSource develops unregulated power projects through its subsidiary, Primary Energy, Inc. Primary Energy works with industrial customers in managing the engineering, construction, operation and maintenance of "inside the fence" cogeneration plants that provide cost-effective, long-term sources of energy for energy-intensive facilities.

NiSource provides non-regulated energy services through its wholly-owned subsidiary Energy USA, Inc. Energy USA and its subsidiaries provide to customers in 22 states a variety of energy-related services, including gas marketing and asset management services and underground utility locating and marking services. NiSource expanded its gas marketing and trading operations with the April 1999 acquisition of TPC Corporation, now renamed Energy USA-TPC Corp., a natural gas asset management company. In addition, NiSource has invested in a number of distributed generation technologies including fuel cells and microturbine ventures.

NiSource is completing a fiber optics network for voice and data communication along its pipeline rights-of-way between New York and Washington D.C.

Through its wholly-owned subsidiary, IWC Resources Corporation and its subsidiaries, NiSource supplies water to residential, commercial and industrial customers and for fire protection service in Indianapolis, Indiana and surrounding areas.

Non-Core Divestitures. In connection with the Columbia merger, NiSource has sold or is divesting certain businesses judged to be non-core to NiSource's energy strategy. Subsequent to the announcement of the Columbia acquisition, NiSource sold Market Hub Partners, which owns and operates salt cavern gas storage facilities in Texas and Louisiana, and Columbia completed the divestiture of its interest in the Cove Point LNG facilities, its retail electric supply business and four qualifying facility power plants. Columbia recently announced a definitive agreement for the sale of its electric generation business, and NiSource announced a definitive agreement to sell its Miller Pipeline subsidiary. After-tax proceeds from these asset sales are expected to total approximately $640 million. NiSource is pursuing the sale of Columbia's propane and petroleum businesses and other smaller non-core businesses. As part of the SEC order approving the Columbia merger, NiSource has been ordered to divest its water utility business by November 2003.

NISOURCE FINANCE CORP.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource.

NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana. Before the acquisition of Columbia Energy Group, NiSource conducted its financing activities through NiSource Capital Markets, Inc., a first-tier subsidiary of NiSource. We expect NiSource to conduct all future financing through NiSource Finance. We currently intend to merge NiSource Capital Markets into NiSource Finance within the next twelve months, subject to obtaining required consents and approvals.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement to repay short-term borrowings incurred in NiSource's November 2000 acquisition of Columbia Energy Group.

RATIOS OF EARNINGS TO FIXED CHARGES

NiSource's corporate predecessors were NiSource Inc. (incorporated in Indiana) and Columbia Energy Group. The following are ratios of earnings to fixed charges for each of the periods indicated for each of the corporate predecessors, and for NiSource on a pro forma basis for the fiscal year ended December 31, 1999 and the nine months and twelve months ended September 30, 2000, accounting for the acquisition of Columbia Energy Group as a purchase business combination and giving effect to the acquisition as if it had occurred at the beginning of the periods presented:

	Fiscal Year Ended December 31					**Nine Months Ended**	**Twelv Month Ende(**
	1995	**1996**	**1997**	**1998**	**1999**	**September 30, 2000(1)**	
;e Inc. na) of ıgs to ;es	3.28	3.21	3.10	2.87	2.14	2.45	2.30
›ia y) of ıgs to ;es	N/A	2.78	3.20	3.81	4.03	3.52	4.03
;e Pro					1.56	1.63	1.72

(1) Results for the twelve months and nine months ended September 30, 2000 are not necessarily indicative of results for the fiscal year ending December 31, 2000.

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

DESCRIPTION OF CAPITAL STOCK

General

The authorized capital stock of NiSource consists of 420,000,000 shares, $0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares are reserved for issuance under NiSource's Shareholder Rights Plan. Each share of NiSource common stock includes one preferred share purchase right. Each preferred share purchase right entitles its holder to purchase one-hundredth (1/100) of a Series A Junior Participating Preferred Share at a price of $60 per one-hundredth of a share, subject to adjustment. The preferred share purchase rights will become exercisable if a person or group acquires 25% or more of the voting power of NiSource or announces a tender or exchange offer following which the person or group would hold 25% or more of NiSource's voting power. If such an acquisition were consummated, or if NiSource were acquired by the person or group in a merger or other business combination, then each preferred share purchase right would be exercisable for that number of shares of NiSource common stock or the acquiring company's common stock having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will also become exercisable on or after the date on which the 25% threshold has been triggered, if NiSource is acquired in a merger or other business combination in which NiSource is not the survivor or in which NiSource is the survivor but its common stock is changed into or exchanged for securities of another entity, cash or other property, or 50% or more of the assets or earning power of NiSource and its subsidiaries is sold. At that time, each preferred share purchase right will become exercisable for that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will not be exercisable in this instance if the person who acquired sufficient shares of stock to reach the 25% threshold acquired its stock under an offer at a price and on terms which the board of directors determines is fair to stockholders and that is in the best interests of NiSource, provided that the per share price offered in the merger or other business combination is not less than the price paid in the offer and the form of consideration offered in the merger or other business combination is the same as that paid in the offer. NiSource may redeem the preferred share purchase rights at a price of $.01 per right prior to the occurrence of an event that causes the preferred share purchase rights to be exercisable for shares of common stock. The preferred share purchase rights will expire on March 12, 2010.

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. NiSource's board of directors is classified into three classes of directors with staggered three-year terms. The directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of directors or applicable Delaware law confers power on stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. The certificate of incorporation also provides that special meetings of stockholders may be called only by a majority of the total number of authorized directors. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is currently subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock without the prior approval of the corporation's board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource's certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, under the symbol "NI." Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders' meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designation or through amendments to NiSource's certificate of incorporation. If NiSource offers to sell preferred stock, it will describe the specific terms of the preferred stock in a supplement to this prospectus. NiSource will also indicate in the supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;

- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depositary or a nominee of the depositary identified in the prospectus supplement;

- be deposited with such depositary or nominee or a custodian for the depositary; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designation.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and The Chase Manhattan Bank, as trustee. The Chase Manhattan Bank, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have filed a copy of the Indenture as an exhibit to the registration statement of which this prospectus forms a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's Board of Directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;
- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;

- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- whether bearer securities will be issued;
- the denominations in which NiSource Finance will issue securities;
- the currency or currencies in which NiSource Finance will pay principal and interest;
- any index or indices used to determine the amount of payments;
- the portion of principal payable on declaration of acceleration of maturity;
- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;
- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;
- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depositary for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;
- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and
- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulation. Northern Indiana Public Service Company's debt indenture also provides that Northern Indiana will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits. Furthermore, as long as any shares of Northern Indiana's cumulative preferred stock are outstanding, Northern Indiana may not declare or pay cash dividends on its common shares in excess of 75% of its net income, provided that Northern Indiana may declare and pay cash dividends if the sum of (1) Northern Indiana's capital applicable to stock junior to the cumulative preferred stock plus (2) the surplus, after giving effect to such dividends, is at least 25% of the sum of (a) all of Northern Indiana's obligations under any outstanding bonds, notes, debentures or other securities plus (b) Northern Indiana's total capital and surplus. Future dividends will depend upon adequate retained earnings, adequate future earnings and the absence of adverse developments. In addition, NiSource is registered as a holding company under the Public Utility Holding Company Act of 1935. As a result, the corporate and financial activities of NiSource and each of its subsidiaries (including their ability to pay dividends to NiSource) are subject to regulation by the SEC.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of $1,000 or integral multiples of $1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is registered as of the close of business on the record date relating to that interest payment date. If NiSource

Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or

- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment on the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;

- the redemption price;

- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);

- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;

- the place or places of payment; and

- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Consolidation, Merger, Conveyance, Transfer or Lease

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;

- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and

- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

The Indenture does not give holders of the debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance to incur indebtedness or to declare or pay dividends on its capital stock.

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;

- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource and any subsidiary;

- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;

- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;

- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property, including mortgages for pollution control or industrial revenue bonds;

- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;

- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;

- to continue mortgages existing on the date of the Indenture; and

- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an "Event of Default":

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;
- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;
- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;
- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- NiSource Finance or NiSource Capital Markets defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of $50,000,000 of the principal or interest when due and payable, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;
- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or
- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or
- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which have become due solely by the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no

outstanding debt securities entitled to the benefit of the provision);

- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each series affected by the amendment voting as one class. However, without the consent of each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;
- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;

- will become due and payable at their stated maturity within one year; or

- are to be called for redemption within one year under arrangements satisfactory to the indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge. (See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as "global securities." We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depositary for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC's nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC's direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under DTC's system must be made by or through a direct participant, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security — the beneficial owner — is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interest in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC will mail an omnibus proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption payments, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

DTC may discontinue providing its services as securities depositary with respect to the global securities at any time by giving reasonable notice to NiSource Finance or the indenture trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificates for the securities are required to be printed and delivered.

NiSource Finance may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)

The indenture trustee, The Chase Manhattan Bank, is also the indenture trustee for NiSource Capital Markets' senior and subordinated debt indentures and the indenture governing the debenture portion of NiSource's Stock Appreciation Income Linked Securities ("SAILS"). The Chase Manhattan Bank is the property trustee, and Chase Manhattan Bank Delaware is the Delaware trustee, for the preferred securities included in NiSource's Premium Income Equity Securities ("PIES^{SM}"). The Chase Manhattan Bank is the purchase contract agent and collateral agent for the NiSource PIES and SAILS. The Chase Manhattan Bank also lends to Columbia Energy Group and extends a letter of credit facility to NiSource Capital Markets. ChaseMellon Shareholder Services, L.L.C., an affiliate of The Chase Manhattan Bank, is the transfer agent and registrar for the common stock, the rights agent for NiSource's preferred stock purchase rights and the exchange agent for the merger in connection with NiSource's acquisition of Columbia.

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Through Agents. If we use agents in the sale of securities, we may designate one or more agents to sell offered securities. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly to Purchasers. We may sell the offered securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved. We will describe the terms of our direct sales in our prospectus supplement.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallowed to them. A prospectus supplement will also state the proceeds to us from the sale of offered securities, any initial public offering price and other terms of the offering of those offered securities.

Our agents, underwriters and dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase offered securities from us at the public offering price and on terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in our prospectus supplement and will tell you when we will demand payment and delivery of the securities. The delayed delivery contracts will be subject only to the conditions we set forth in our prospectus supplement.

We may enter into agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

LEGAL OPINIONS

Schiff Hardin & Waite, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions. Peter V. Fazio, Jr., a partner of the firm who also serves as general counsel of NiSource, holds approximately 11,400 shares of NiSource common stock.

EXPERTS

The consolidated financial statements and schedules of NiSource Inc. (incorporated in Indiana) and the consolidated financial statements of Columbia Energy Group incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

36,000,000 Shares

NiSource

Common Stock

Prospectus Supplement
November 6, 2002

Banc of America Securities LLC **Credit Suisse First Boston**

Dresdner Kleinwort Wasserstein

Salomon Smith Barney

TD Securities

Wachovia Securities

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EXHIBIT 99.1

$2,500,000,000

NISOURCE INC.

COMMON STOCK
PREFERRED STOCK
GUARANTEES OF DEBT SECURITIES

NISOURCE FINANCE CORP.

DEBT SECURITIES
FULLY AND UNCONDITIONALLY GUARANTEED AS TO
PAYMENT OF PRINCIPAL, PREMIUM
(IF ANY) AND INTEREST (IF ANY) BY
NISOURCE INC.

UNDERWRITING AGREEMENT

1. INTRODUCTORY. NiSource Inc., a Delaware corporation ("NISOURCE"), proposes to issue and sell from time to time certain of its common stock, par value $.01 per share ("COMMON STOCK") and preferred stock, and to issue guarantees of the debt securities issued from time to time by NiSource Finance Corp. as described herein, and NiSource Finance Corp., an Indiana corporation and a wholly owned subsidiary of NiSource ("NISOURCE FINANCE"), proposes to issue and sell from time to time certain of its unsecured debt securities, in each case registered under the registration statement referred to in Section 2(a) ("*REGISTERED SECURITIES*").

The Registered Securities constituting debt securities will be issued under an indenture, dated as of November 14, 2000 ("INDENTURE"), among NiSource Finance, NiSource and The Chase Manhattan Bank, as Trustee, in one or more series, which series may vary as to interest rates, maturities, redemption provisions, selling prices and other terms. The Registered Securities constituting debt securities will be guaranteed as to principal, premium, if any, interest, if any, and additional amounts, if any, by NiSource pursuant to the guarantee set forth in the Indenture, which guarantee will be endorsed on each debt security, authenticated and delivered pursuant to the Indenture (the "GUARANTEE" and, collectively, the "GUARANTEES").

The Registered Securities constituting preferred stock may be issued in one or more series, which series may vary as to dividend rates, redemption provisions, selling prices and other terms.

Particular series or offerings of Registered Securities will be sold pursuant to a Terms Agreement referred to in Section 3, for resale in accordance with terms of offering determined at the time of sale.

The Registered Securities involved in any such offering are hereinafter referred to as the "OFFERED SECURITIES". The firm or

firms which agree to purchase the Offered Securities are hereinafter referred to as the "UNDERWRITERS" of such securities, and the representative or representatives of the Underwriters, if any, specified in a Terms Agreement referred to in Section 3 are hereinafter referred to as the "REPRESENTATIVES"; provided, however, that if the Terms Agreement does not specify any representative of the Underwriters, the term "Representatives", as used in this Agreement (other than in Sections 2(b), 5(d) and 6 and the second sentence of Section 3), shall mean the Underwriters.

2. REPRESENTATIONS AND WARRANTIES OF NISOURCE AND NISOURCE FINANCE. NiSource and NiSource Finance, as of the date of each Terms Agreement referred to in Section 3, represent and warrant to, and agree with, the Underwriters that:

(a) A registration statement (No. 333-49330), including a prospectus, relating to the Registered Securities has been filed with the Securities and Exchange Commission ("COMMISSION") and has become effective. Such registration statement, as amended at the time of any Terms Agreement referred to in Section 3, is hereinafter referred to as the "REGISTRATION STATEMENT", and the prospectus included in such Registration Statement, as supplemented as contemplated by Section 3 to reflect the terms of the Offered Securities (if they are debt securities or preferred stock) and the terms of the offering of the Offered Securities, as first filed with the Commission pursuant to and in accordance with Rule 424(b) ("RULE 424(b)") under the Securities Act of 1933 ("ACT"), including all material incorporated by reference therein, is hereinafter referred to as the "PROSPECTUS". No document has been or will be prepared or distributed in reliance on Rule 434 under the Act.

(b) On the effective date of the registration statement relating to the Registered Securities, such registration statement conformed in all respects to the requirements of the Act, the Trust Indenture Act of 1939 ("TRUST INDENTURE ACT") and the rules and regulations of the Commission ("RULES AND REGULATIONS") and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and on the date of each Terms Agreement referred to in Section 3, the Registration Statement and the Prospectus will conform in all respects to the requirements of the Act, the Trust Indenture Act and the Rules and Regulations, and neither of such documents will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements in or omissions from any of such documents based upon written information furnished to NiSource or NiSource Finance by any Underwriter through the Representatives, if any, specifically for use therein.

(c) NiSource has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and NiSource is duly qualified to transact business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction.

(d) NiSource Finance has been duly incorporated and is an existing corporation in good standing under the laws of the State of Indiana, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and NiSource Finance is duly qualified to transact business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; all of the issued and outstanding capital stock of NiSource Finance has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of NiSource Finance is owned by NiSource free from liens, encumbrances and defects.

(e) Each significant subsidiary (as defined in Rule 405 under the Act) of NiSource (each direct and indirect significant subsidiary of NiSource other than NiSource Finance being hereinafter referred to as a "SIGNIFICANT SUBSIDIARY" and all such direct and indirect significant subsidiaries of NiSource other than NiSource Finance being hereinafter referred to collectively as the "SIGNIFICANT SUBSIDIARIES"), has been duly incorporated and is an existing corporation in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus; and each Significant Subsidiary is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; and except as otherwise disclosed in the Prospectus, all of the capital stock of each Significant Subsidiary is owned by NiSource, directly or through subsidiaries, free from liens, encumbrances and defects.

(f) If the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource: The Indenture has

been duly authorized by each of NiSource and NiSource Finance and has been duly qualified under the Trust Indenture Act; the

Offered Securities which are debt securities have been duly authorized by NiSource Finance; the Offered Securities which are Guarantees have been duly authorized by NiSource; and when the Offered Securities are delivered and paid for pursuant to the Terms Agreement on the Closing Date (as defined below) or pursuant to Delayed Delivery Contracts (as hereinafter defined), the Indenture will have been duly executed and delivered by each of NiSource and NiSource Finance, such Offered Securities will have been duly executed, authenticated, issued and delivered and will conform to the descriptions thereof contained in the Prospectus and the Indenture and such Offered Securities which are debt securities will constitute valid and legally binding obligations of NiSource Finance, and such Offered Securities which are Guarantees of such debt securities will constitute valid and legally binding obligations of NiSource, in each case, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(g) If the Offered Securities are preferred stock: The Offered Securities have been duly authorized and, when the Offered Securities have been delivered and paid for in accordance with the Terms Agreement on the Closing Date, such Offered Securities will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; and the stockholders of NiSource have no preemptive rights with respect to the Offered Securities.

(h) If the Offered Securities are Common Stock: The Offered Securities and all other outstanding shares of capital stock of NiSource have been duly authorized; all outstanding shares of capital stock of NiSource are, and, when the Offered Securities have been delivered and paid for in accordance with the Terms Agreement on the Closing Date, such Offered Securities will have been validly issued, fully paid and nonassessable and will conform to the description thereof contained in the Prospectus; and the stockholders of NiSource have no preemptive rights with respect to the Offered Securities.

(i) If the Offered Securities are convertible into Common Stock: When the Offered Securities are delivered and paid for pursuant to the Terms Agreement on the Closing Date, such Offered Securities will be convertible into Common Stock of NiSource in accordance with their terms (if the Offered Securities are preferred stock) or the Indenture (if the Offered Securities are debt securities); the shares of Common Stock initially issuable upon conversion of such Offered Securities have been duly authorized and reserved for issuance upon such conversion and, when issued upon such conversion, will be validly issued, fully

paid and nonassessable; the outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and nonassessable and conform to the description thereof contained in the Prospectus; and the stockholders of NiSource have no preemptive rights with respect to the Common Stock.

(j) If the Offered Securities are Common Stock or are convertible into Common Stock: Except as disclosed in the Prospectus, there are no contracts, agreements or understandings between NiSource or NiSource Finance and any person that would give rise to a valid claim against NiSource, NiSource Finance or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the sale of the Offered Securities.

(k) If the Offered Securities are Common Stock or are convertible into Common Stock: Except for the obligations of NiSource and NiSource Finance pursuant to the Registration Rights Agreement dated November 9, 2000 and except for registration obligations in connection with the remarketing of NiSource's Stock Appreciation Income Linked Securities ("SAILS{SM}") and Premium Income Equity Securities ("PIES{SM}"), there are no contracts, agreements or understandings between NiSource or NiSource Finance and any person granting such person the right to require NiSource or NiSource Finance to file a registration statement under the Act with respect to any securities of NiSource or NiSource Finance owned or to be owned by such person or to require NiSource or NiSource Finance to include such securities with the securities registered pursuant to the Registration Statement or with any securities being registered pursuant to any other registration statement filed by NiSource or NiSource Finance under the Act.

(l) If the Offered Securities are Common Stock or are convertible into Common Stock: The outstanding shares of Common Stock are listed on The New York Stock Exchange (the "STOCK EXCHANGE") and the Offered Securities (if they are Common Stock) or the Common Stock into which the Offered Securities are convertible (if they are convertible) have been approved for listing on the Stock Exchange, subject to notice of issuance. If the Offered Securities are debt securities or preferred stock: The Offered Securities have been approved for listing on the stock exchange indicated in the Terms Agreement, subject to notice of issuance.

(m) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required for the consummation of the transactions contemplated by the Terms Agreement (including the provisions of this Agreement) in connection with the issuance and sale of the Offered Securities by NiSource and/or NiSource Finance, as the case may be, except such as have been obtained and made under the Act and,

if the Offered Securities are debt securities, the Trust Indenture Act, and such as may be required under the Public Utility Holding Company Act of 1935, as amended, and under state securities laws.

(n) The execution, delivery and performance of the Indenture (if the Offered Securities are debt securities), the Terms Agreement (including the provisions of this Agreement) and any Delayed Delivery Contracts and the issuance and sale of the Offered Securities and, if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource or preferred stock, compliance with the terms and provisions thereof will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, (i) the charter or by-laws of NiSource, NiSource Finance or any subsidiary of NiSource (each direct and indirect subsidiary of NiSource other than NiSource Finance being hereinafter referred to as a "SUBSIDIARY" and all such direct and indirect subsidiaries of NiSource other than NiSource Finance being hereinafter referred to collectively as the "SUBSIDIARIES"), (ii) any statute, any rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over NiSource, NiSource Finance or any Subsidiary or any of their properties, or (iii) any agreement or instrument to which NiSource, NiSource Finance or any Subsidiary is a party or by which NiSource, NiSource Finance or any Subsidiary is bound or to which any of the properties of NiSource, NiSource Finance or any Subsidiary is subject, except in the case of clauses (ii) and (iii) where such violation, breach or default would not, individually or in the aggregate, have a material adverse effect on the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as a whole ("MATERIAL ADVERSE EFFECT") and would not materially and adversely affect the ability of either NiSource or NiSource Finance to perform its obligations under the Indenture (if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which would otherwise be material in the context of the sale of the Offered Securities; and each of NiSource and NiSource Finance has full power and authority to authorize, issue and sell the Offered Securities as contemplated by the Terms Agreement (including the provisions of this Agreement).

(o) The Terms Agreement (including the provisions of this Agreement) and, if the Offered Securities are debt securities or preferred stock, any Delayed Delivery Contracts have each been duly authorized, executed and delivered by NiSource and/or NiSource Finance, as the case may be.

(p) Except as disclosed in the Prospectus, NiSource, NiSource Finance and the Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances and defects that would materially interfere with the use made or to be made thereof by them or would, individually or in the aggregate, have a Material Adverse Effect; and except as disclosed in the Prospectus, NiSource, NiSource Finance and the Subsidiaries hold any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or to be made thereof by them or would, individually or in the aggregate, have a Material Adverse Effect.

(q) NiSource, NiSource Finance and the Subsidiaries possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by them and have not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to NiSource, NiSource Finance or any of the Subsidiaries would individually or in the aggregate have a Material Adverse Effect.

(r) Except as disclosed in the Prospectus, none of NiSource, NiSource Finance or any Significant Subsidiary has any material contingent liability.

(s) Except as disclosed in the Prospectus, there are no pending actions, suits, proceedings or investigations against or affecting NiSource, NiSource Finance or any Subsidiary or any of their respective properties, assets or operations that could, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect or to affect materially and adversely the ability of either NiSource or NiSource Finance to perform its obligations under the Indenture (if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits, proceedings or investigations are threatened or, to the knowledge of NiSource or NiSource Finance, contemplated.

(t) The financial statements of NiSource, NiSource Inc., an Indiana corporation and a predecessor of NiSource ("NISOURCE INDIANA"), and Columbia Energy Group, a Delaware corporation and a predecessor of NiSource ("COLUMBIA ENERGY"), included in the Registration Statement and Prospectus present fairly the financial position of the entity presented and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and, except as

otherwise disclosed in the Prospectus, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis with all other financial statements presented for such entity; any schedules included in the Registration Statement present fairly the information required to be stated therein; and the assumptions used in preparing the pro forma financial statements, the other pro forma financial information and the adjusted capitalization included in the Registration Statement and the Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(u) Except as disclosed in the Prospectus, since the date of the latest audited financial statements included in the Prospectus there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as a whole, and, except as disclosed in or contemplated by the Prospectus, there has been no dividend or distribution of any kind declared, paid or made by either NiSource or NiSouce Finance on any class of its capital stock.

(v) Neither NiSource nor NiSource Finance is and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, neither will be an "INVESTMENT COMPANY" as defined in the Investment Company Act of 1940.

(w) NiSource is a "PUBLIC UTILITY HOLDING COMPANY" within the meaning of the Public Utility Holding Company Act of 1935, as amended, and is registered in compliance therewith. All necessary approvals under the Public Utility Holding Company Act of 1935, as amended, for the issuance and sale of the Offered Securities and, if the Offered Securities are preferred stock or debt securities issued by NiSource Finance and guaranteed by NiSource, compliance with the terms and provisions thereof, have been obtained.

(x) Neither NiSource, NiSource Finance nor any affiliate of either of them does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Section 517.075, Florida Statutes and each of NiSource and NiSource Finance agrees to comply with such Section if prior to the completion of the distribution of the Offered Securities it commences doing such business.

3. PURCHASE AND OFFERING OF OFFERED SECURITIES. The obligations of the Underwriters to purchase the Offered Securities will be evidenced by an agreement or exchange of other written communications ("TERMS AGREEMENT") at the time NiSource and/or NiSource Finance, as the case may be, determines to sell the Offered Securities. The Terms Agreement will incorporate by reference the provisions of this Agreement, except as otherwise provided therein, and will specify the firm or firms which will be Underwriters, the names of the Representatives, the principal amount or number of shares to be purchased by each Underwriter, the purchase price to be paid by the Underwriters and (if the Offered Securities are debt securities or preferred stock) the terms of the Offered Securities not already specified (in the Indenture, in the case of Offered Securities that are debt securities), including, but not limited to, interest rate (if debt securities), dividend rate (if preferred stock), maturity (if debt securities), any redemption provisions and any sinking fund requirements and whether any of the Offered Securities may be sold to institutional investors pursuant to Delayed Delivery Contracts (as defined below). The Terms Agreement will also specify the time and date of delivery and payment (such time and date, or such other time not later than seven full business days thereafter as the Underwriter first named in the Terms Agreement (the "LEAD UNDERWRITER") and

NiSource and/or NiSource Finance, as the case may be, agree as the time for payment and delivery, being herein and in the Terms Agreement referred to as the "CLOSING DATE"), the place of delivery and payment and any details of the terms of offering that should be reflected in the prospectus supplement relating to the offering of the Offered Securities. For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the Closing Date (if later than the otherwise applicable settlement date) shall be the date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering, other than Contract Securities (as defined below) for which payment of funds and delivery of securities shall be as hereinafter provided. The obligations of the Underwriters to purchase the Offered Securities will be several and not joint. It is understood that the Underwriters propose to offer the Offered Securities for sale as set forth in the Prospectus.

If the Terms Agreement provides for sales of Offered Securities pursuant to delayed delivery contracts, NiSource and/or NiSource Finance, as the case may be, authorize the Underwriters to solicit offers to purchase Offered Securities pursuant to delayed delivery contracts substantially in the form of Annex I attached hereto ("DELAYED DELIVERY CONTRACTS") with such changes therein as NiSource and/or NiSource Finance, as the case may be, may authorize or approve. Delayed Delivery Contracts are to be with institutional investors, including commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions. On the Closing Date NiSource and/or NiSource Finance will pay, as compensation, to the Representatives for the accounts of the Underwriters, the fee set forth in such Terms Agreement in respect of the principal amount or number of shares of Offered Securities to

be sold pursuant to Delayed Delivery Contracts ("CONTRACT SECURITIES"). The Underwriters will not have any responsibility in respect of the validity or the performance of Delayed Delivery Contracts. If NiSource and/or NiSource Finance execute and deliver Delayed Delivery Contracts, the Contract Securities will be deducted from the Offered Securities to be purchased by the several Underwriters and the aggregate principal amount or number of shares of Offered Securities to be purchased by each Underwriter will be reduced pro rata in proportion to the principal amount or number of shares of Offered Securities set forth opposite each Underwriter's name in such Terms Agreement, except to the extent that the Lead Underwriter determines that such reduction shall be otherwise than pro rata and so advises NiSource and/or NiSource Finance. NiSource and/or NiSource Finance will advise the Lead Underwriter not later than the business day prior to the Closing Date of the principal amount or number of shares of Contract Securities.

If the Offered Securities are preferred stock or Common Stock, the certificates for the Offered Securities delivered to the Underwriters on the Closing Date will be in definitive form, and if the Offered Securities are debt securities, the Offered Securities delivered to the Underwriters on the Closing Date will be in definitive fully registered form, in each case in such denominations and registered in such names as the Lead Underwriter requests.

If the Offered Securities are debt securities and the Terms

Agreement specifies "Book-Entry Only" settlement or otherwise states that the provisions of this paragraph shall apply, NiSource Finance will deliver against payment of the purchase price the Offered Securities in the form of one or more permanent global securities in definitive form (the "GLOBAL SECURITIES") deposited with the Trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. Interests in any permanent global securities will be held only in book-entry form through DTC, except in the limited circumstances described in the Prospectus. Payment for the Offered Securities shall be made by the Underwriters in Federal (same day) funds by official check or checks or wire transfer to an account previously designated by NiSource Finance at a bank acceptable to the Lead Underwriter, in each case drawn to the order of NiSource Finance at the place of payment specified in the Terms Agreement on the Closing Date, against delivery to the Trustee as custodian for DTC of the Global Securities representing all of the Offered Securities.

4. CERTAIN AGREEMENTS OF NISOURCE AND NISOURCE FINANCE. Each of NiSource and NiSource Finance agrees with the several Underwriters that it will furnish to counsel for the Underwriters, one copy of the executed registration statement relating to the Registered Securities, including all exhibits, in the form it became effective and of all amendments thereto and that, in connection with each offering of Offered Securities:

(a) NiSource and NiSource Finance will file the Prospectus with the Commission pursuant to and in accordance with Rule 424(b)(2) (or, if applicable and if consented to by the Lead Underwriter, subparagraph (5)) not later than the second business day following the execution and delivery of the Terms Agreement.

(b) NiSource and NiSource Finance will advise the Lead Underwriter promptly of any proposal to amend or supplement the Registration Statement or the Prospectus and will afford the Lead Underwriter a reasonable opportunity to comment on any such proposed amendment or supplement; and NiSource and NiSource Finance will also advise the Lead Underwriter promptly of the filing of any such amendment or supplement and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(c) NiSource will comply with the provisions of the Act, the Securities Exchange Act of 1934, as amended, and the Rules and Regulations so as to permit completion of the distribution of the Offered Securities as contemplated by the applicable Terms Agreement (including the provisions of this Agreement), the Registration Statement and the Prospectus. If, at any time when a prospectus relating to the Offered Securities is required to be delivered under the Act in connection with sales by any Underwriter or dealer, any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, NiSource and NiSource Finance promptly will notify the Lead Underwriter of such event and will promptly prepare and file with the Commission, at the expense of NiSource and NiSource Finance, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Lead Underwriter's consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 5 hereof.

(d) As soon as practicable, but not later than 16 months, after the date of each Terms Agreement, NiSource will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the later of (i) the effective date of the registration statement relating to the Registered Securities, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of such Terms Agreement and (iii) the date of NiSource's most recent Annual Report on Form 10-K filed with the Commission prior to the date of such Terms

Agreement, which will satisfy the provisions of Section 11(a) of the Act.

(e) NiSource or NiSource Finance will furnish to the Representatives copies of the Registration Statement, including all exhibits, any related preliminary prospectus, any related preliminary prospectus supplement, the Prospectus and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Lead Underwriter reasonably requests. NiSource or NiSource Finance will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) NiSource or NiSource Finance will arrange for the qualification of the Offered Securities for sale under the laws of such jurisdictions as the Lead Underwriter designates and will continue such qualifications in effect so long as required for the distribution, provided that, in connection with such qualification, neither NiSource nor NiSource Finance shall be required to qualify as a foreign corporation or file a general consent to service of process in any such jurisdiction.

(g) During the period of five years after the date of any Terms Agreement, NiSource will furnish to the Representatives and, upon request, to each of the other Underwriters, if any, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and NiSource will furnish to the Representative (i) as soon as available, a copy of each report and any definitive proxy statement of NiSource filed with the Commission under the Securities Exchange Act of 1934 or mailed to stockholders, and (ii) from time to time, such other information concerning NiSource or NiSource Finance as the Lead Underwriter may reasonably request.

(h) Each of NiSource and/or NiSource Finance, as the case may be, will pay all expenses incident to the performance of its obligations under the Terms Agreement (including the provisions of this Agreement), any filing fees or other expenses (including fees and disbursements of counsel) in connection with qualification of the Registered Securities for sale under the laws of such jurisdictions as the Lead Underwriter may designate and the printing of memoranda relating thereto, any fees charged by investment rating agencies for the rating of the Offered Securities (if they are debt securities or preferred stock), any applicable filing fee incident to, and the reasonable fees and disbursements of counsel for the Underwriters in connection with, any review by the National Association of Securities Dealers, Inc. of the Registered Securities, and any travel expenses of its officers and employees and any other expenses incurred by it in connection with attending or hosting meetings with prospective purchasers of Registered Securities.

(i) If the Offered Securities are debt securities or preferred stock, neither NiSource nor NiSource Finance will offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to United States dollar-denominated debt securities issued by NiSource Finance and guaranteed by NiSource and having a maturity of more than one year from the date of issue (if the Offered Securities are debt securities) or any series of preferred stock issued by NiSource (if the Offered Securities are preferred stock), or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Representatives for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement.

(j) If the Offered Securities are Common Stock or are convertible into Common Stock, NiSource will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to, any additional shares of its Common Stock or securities convertible into or exchangeable or exercisable for any shares of its Common Stock, or publicly disclose the intention to make any such offer, sale, pledge, disposition or filing, without the prior written consent of the Representatives for a period beginning at the time of execution of the Terms Agreement and ending the number of days after the Closing Date specified under "Blackout" in the Terms Agreement, except issuances of Common Stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options, in each case outstanding on the date of the Terms Agreement, grants of employee stock options pursuant to the terms of a plan in effect on the date of the Terms Agreement, or issuances of Common Stock pursuant to the exercise of such options.

5. CONDITIONS OF THE OBLIGATIONS OF THE UNDERWRITER. The obligations of the several Underwriters to purchase and pay for the

Offered Securities will be subject to the accuracy of the representations and warranties on the part of NiSource and NiSource Finance herein, to the accuracy of the statements of officers of NiSource and NiSource Finance made pursuant to the provisions hereof, to the performance by each of NiSource and NiSource Finance of its obligations hereunder and to the following additional conditions precedent:

(a) On or prior to the date of the Terms Agreement, the Representatives shall have received a letter, dated the date of delivery thereof, of Deloitte & Touche LLP confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

(i) in their opinion the unaudited financial statements for the six-month period ended June 30, 2002 and any related schedules and any summary of earnings related thereto of NiSource examined by them and included in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 71, Interim Financial Information, on the unaudited financial statements for the applicable three-month and six-month periods ended March 31, 2002 and June 30, 2002 included in the Registration Statement;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of NiSource, inquiries of officials of NiSource who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, and any summary of earnings relating thereto and included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements and summary of earnings for them to be in conform it with generally accepted accounting principles;

(B) if any unaudited "capsule" information is contained in the Prospectus, the unaudited consolidated operating revenues, gross income, net income and net income per share amounts or other amounts constituting such "capsule" information and described in such letter do not agree with the corresponding amounts set forth in the unaudited consolidated financial statements or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited statements of income;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of such letter, there was any change in the capital stock or any increase in short-term indebtedness or long-term debt of NiSource and its consolidated subsidiaries or, at the date of the latest

available balance sheet read by such accountants, there was any decrease in consolidated net current assets or net assets, as compared with amounts shown on the latest balance sheet included in the Prospectus; except in all cases set forth in this clause (C) for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; or

(D) for the period from the closing date of the latest income statement included in the Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year and with the period of corresponding length ended the date of the latest income statement included in the Prospectus, in consolidated operating revenues, operating income or net income; except in all cases set forth in this clause (D) for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter;

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of NiSource subject to the internal controls of the accounting system of NiSource or are derived from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

(b) The Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 4(a) of this Agreement. No stop order suspending the effectiveness of the Registration Statement or of any part thereof shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of NiSource, NiSource Finance or any Underwriter, shall be contemplated by the Commission.

(c) Subsequent to the execution of the Terms Agreement, there shall not have occurred (i) any change, or any development

or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as one enterprise which, in the judgment of a majority in interest of the Representatives, is material and adverse and makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities; (ii) any downgrading in the rating of any debt securities or preferred stock of NiSource or NiSource Finance, as the case may be, by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of NiSource or NiSource Finance, as the case may be, (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the judgment of a majority in interest of the Underwriters including any Representatives, be likely to prejudice materially the success of the proposed issue, sale or disposition of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any material suspension or material limitation of trading in securities generally on the Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of NiSource or NiSource Finance on any exchange or in the over-the-counter market; (v) any banking moratorium declared by U.S. Federal or New York authorities; (vi) any major disruption of settlements of securities or clearance services in the United States or (vii) any attack on outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of a majority in interest of the Underwriters, including any Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the public offering or the sale of and payment for the Offered Securities.

(d) The Representatives shall have received an opinion, dated the Closing Date, of Schiff Hardin & Waite, counsel for NiSource and NiSource Finance, to the effect that:

(i) NiSource has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware, with corporate power and authority to own its properties and conduct its business as described in the Prospectus; and NiSource is duly qualified to

transact business as a foreign corporation and is in good standing under the laws of the State of Indiana;

(ii) NiSource Finance has been duly incorporated and is a validly existing corporation under the laws of the State of Indiana, with corporate power and authority to own its properties and conduct its business as described in the Prospectus;

(iii) If the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource: The Indenture has been duly authorized, executed and delivered by each of NiSource and NiSource Finance and has been duly qualified under the Trust Indenture Act; the Offered Securities which are debt securities have been duly authorized by NiSource Finance; the Offered Securities which are Guarantees have been duly authorized by NiSource; the Offered Securities which are debt securities have been duly executed and, when authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) or sold pursuant to Delayed Delivery Contracts, will constitute, legal, valid and binding obligations of NiSource Finance enforceable against NiSource Finance in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Offered Securities which are guarantees of debt securities have been duly executed and, when the debt securities on which the guarantees are endorsed are authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) or sold pursuant to Delayed Delivery Contracts, will constitute, legal, valid and binding obligations of NiSource entitled to the benefits of the Indenture and enforceable against NiSource in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Offered Securities other than any Contract Securities conform, and any Contract Securities, when so delivered and sold will conform, as to legal matters in all material respects to the descriptions thereof contained in the Prospectus;

(iv) If the Offered Securities are preferred stock: The Offered Securities have been duly authorized; the Offered Securities other than any Contract Securities when delivered to and paid for by the Underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) will be validly issued, fully paid and nonassessable; any Contract Securities, when delivered and sold pursuant to Delayed Delivery Contracts, will be validly issued, fully paid and non-assessable; and the Offered Securities other than any Contract Securities conform, and any Contract Securities, when so delivered and sold, will conform, as to legal matters in all material respects to the descriptions thereof contained in the Prospectus; and the stockholders of NiSource have no statutory preemptive rights with respect to the Offered Securities;

(v) If the Offered Securities are Common Stock: The Offered Securities have been duly authorized and when delivered to and paid for by the underwriters in accordance with the provisions of the Terms Agreement (including the provisions of this Agreement) will be validly issued, fully paid and nonassessable and conform as to legal matters in all material respects to the description thereof contained in the Prospectus; and the stockholders of NiSource have no statutory preemptive rights with respect to the Offered Securities;

(vi) If the Offered Securities are convertible into Common Stock: The Offered Securities other than any Contract Securities are, and any Contract Securities, when (if the Offered Securities are debt securities) executed, authenticated, issued and delivered in the manner provided in the Indenture and sold pursuant to Delayed Delivery Contracts or (if the Offered Securities are preferred stock) when issued, delivered and sold pursuant to Delayed Delivery Contracts, will be convertible into Common Stock in accordance with (if they are debt securities) the Indenture or (if they are preferred stock) their terms; the shares of Common Stock initially issuable upon conversion of the Offered Securities have been duly authorized and reserved for issuance upon such conversion and, when issued upon such conversion, will be validly issued, fully paid and nonassessable; the Common Stock conforms as to legal matters in all material respects to the description thereof contained in the Prospectus; and the stockholders of NiSource have no statutory preemptive rights with respect to the Common Stock;

(vii) If the Offered Securities are Common Stock or are convertible into Common Stock: Except for the obligations of NiSource and NiSource Finance pursuant to the Registration Rights Agreement dated November 9, 2000 and except for registration obligations in connection with the remarketing of NiSource's SAILS and PIES, there are no contracts, agreements or understandings known to such

counsel between NiSource or NiSource Finance and any person granting such person the right to require NiSource or

NiSource Finance to file a registration statement under the Act with respect to any securities of NiSource or NiSource Finance owned or to be owned by such person or to require NiSource or NiSource Finance to include such securities with the securities registered pursuant to the Registration Statement or with any securities being registered pursuant to any other registration statement filed by NiSource or NiSource Finance under the Act;

(viii) Neither the execution and delivery by each of NiSource and NiSource Finance of the Terms Agreement (including the provisions of this Agreement) nor the performance by each of NiSource and NiSource Finance of their respective obligations under the Terms Agreement (including the provisions of this Agreement) requires any consent or approval of any nature from or filing with any governmental authority of any of the State of Illinois, the State of Indiana or the United States of America, nor is any such consent, approval or filing required by the Delaware General Corporation Law;

(ix) NiSource is a "PUBLIC UTILITY HOLDING COMPANY" within the meaning of the Public Utility Holding Company Act of 1935, as amended, and is registered in compliance therewith. All necessary approvals under the Public Utility Holding Company Act of 1935, as amended, for the issuance and sale of the Offered Securities and, if the Offered Securities are preferred stock or debt securities issued by NiSource Finance and guaranteed by NiSource, compliance with the terms and provisions thereof, have been obtained, except to the extent that any failure to obtain such approvals or to comply with the terms thereof, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect or to materially and adversely affect the ability of either NiSource or NiSource Finance to perform its obligations under the Indenture (if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource), the Terms Agreement (including the provisions of this Agreement) or any Delayed Delivery Contracts, or which would otherwise not be material in the context of the sale of the Offered Securities;

(x) Neither NiSource nor NiSource Finance is and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the Prospectus, neither will be an "INVESTMENT COMPANY" as defined in the Investment Company Act of 1940;

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(xi) Each of the Significant Subsidiaries has been duly incorporated and is a corporation validly existing and, where applicable, in good standing under the laws of the jurisdiction of its incorporation, with corporate power and authority to own its properties and to conduct its business as described in the Prospectus; and each Significant

Subsidiary is duly qualified to transact business as a foreign corporation in good standing in each of the jurisdictions set forth opposite the name of such Significant Subsidiary on a schedule attached to the opinion;

(xii) To the knowledge of such counsel, based in part upon a review of the stock register of each of NiSource Finance, NiSource Capital Markets, Inc., Columbia Energy and Northern Indiana Public Service Company (collectively, the "SPECIFIED SUBSIDIARIES"), all of the issued and outstanding capital stock of each of the Specified Subsidiaries (except for, as disclosed in the Prospectus, the issued and outstanding shares of preferred stock of Northern Indiana Public Service Company) is owned by NiSource, directly or through subsidiaries. There is no perfected lien upon the outstanding shares of capital stock of any of the Specified Subsidiaries and, to the knowledge of such counsel, there is no other lien, security interest, charge or encumbrance upon the capital stock of any of the Specified Subsidiaries;

(xiii) To the knowledge of such counsel, except as disclosed in the Prospectus, there are no pending or threatened actions, suits, proceedings or investigations against or affecting NiSource, NiSource Finance or any Subsidiary or any of their respective properties, assets or operations that could reasonably be expected to, individually or in the aggregate, materially and adversely affect the ability of either NiSource or NiSource Finance to perform its obligations under the Terms Agreement (including the provisions of this Agreement) or which could be reasonably be expected to have a Material Adverse Effect;

(xiv) The execution and delivery by each of NiSource and NiSource Finance of the Terms Agreement (including the provisions of this Agreement) do not, and the performance by each of NiSource and NiSource Finance of its respective obligations under the Terms Agreement (including the provisions of this Agreement), including the issuance and sale of the Offered Securities, will not, (i) violate the certificate or articles of incorporation or by-laws of NiSource or NiSource Finance, (ii) violate any law, rule or regulation applicable to NiSource or NiSource Finance and generally applicable to transactions of the type contemplated by the Terms Agreement (including the provisions of this Agreement) undertaken by issuers engaged

in businesses similar to the businesses of NiSource and NiSource Finance, (iii) violate any judgment, injunction, order or decree identified by an officer of NiSource or NiSource Finance as material to NiSource, NiSource Finance and the Subsidiaries taken as a whole (which judgments, injunctions, orders and decrees, if any, shall be set forth in a certificate attached to the opinion), or (iv) breach or result in a default under any indenture, mortgage, instrument or agreement which is filed as an exhibit to or filed as an exhibit through incorporation by reference to either NiSource's Annual Report on Form 10-K for the year ended on the December 31 preceding the date of delivery of such opinion or any Quarterly Report on Form 10-Q or Report on Form 8-K filed subsequent to the date of such Form 10-K;

(xv) The descriptions in the Registration Statement and in the Prospectus of any statutes, legal and governmental proceedings, contracts and documents, insofar as such statements purport to constitute summaries of matters of law and legal conclusions with respect thereto, are correct in all material respects; and such counsel do not know of any legal or governmental proceedings pending to which NiSource, NiSource Finance or any Subsidiary is a party or to which any of their respective properties is subject that are required to be described in the Registration Statement or the Prospectus and are not so described, or of any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not so described or filed as required;

(xvi) The Registration Statement has become effective under the Act, the Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) specified in such opinion on the date specified therein, and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the Act, and the registration statement relating to the Registered Securities, as of its effective date, the Registration Statement and the Prospectus, as of the date of the Terms Agreement, and any amendment or supplement thereto, as of its date, complied as to form in all material respects with the requirements of the Act, the Trust Indenture Act and the Rules and Regulations; such counsel have had no facts come to their attention that have led them to believe that the Registration Statement, as of its effective date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as supplemented as of

the date of the prospectus supplement or as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood that such counsel need express no opinion as to the financial statements or other financial data contained in the Registration Statement or the Prospectus; and

(xvii) The Terms Agreement (including the provisions of this Agreement) and, if the Offered Securities are debt securities issued by NiSource Finance and guaranteed by NiSource or preferred stock, the Delayed Delivery Contracts have been duly authorized, executed and delivered by NiSource and/or NiSource Finance, as the case may be.

(e) The Representatives shall have received from Dewey Ballantine LLP, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with respect to the incorporation of each of NiSource and NiSource Finance, the validity of the Offered Securities, the Registration Statement, the Prospectus and other related matters as the Representatives may require, and each of NiSource and NiSource Finance shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, Dewey Ballantine LLP may rely as to the incorporation of NiSource Finance and all other matters governed by Indiana law upon the opinion of Schiff Hardin & Waite referred to above.

(f) The Representatives shall have received a certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of NiSource in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of NiSource in this Agreement are true and correct in all material respects, that NiSource has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, that no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission and that, subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as a whole except as set forth in or contemplated by the Prospectus or as described in such certificate.

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(g) If the Offered Securities are debt securities, the Representatives shall have received a certificate, dated the Closing Date, of the President or any Vice President and a principal financial or accounting officer of NiSource Finance in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of NiSource Finance in this Agreement are true and correct in all material respects, that NiSource Finance has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, that no stop order suspending the effectiveness of the Registration Statement or of any part thereof has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission and that, subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or other), business, properties or results of operations of NiSource, NiSource Finance and the Subsidiaries taken as a whole except as set forth in or contemplated by the Prospectus or as described in such certificate.

(h) The Representatives shall have received a certificate, dated the Closing Date, of the Chief Financial Officer of NiSource certifying as to certain financial information included or incorporated by reference into the Registration Statement and Prospectus as required by the Representatives.

(i) The Representatives shall have received a letter, dated the Closing Date, of Deloitte & Touche LLP which meets the requirements of subsection (a) of this Section, except that the specified date referred to in such subsection will be a date not more than three days prior to the Closing Date for the purposes of this subsection.

Each of NiSource and NiSource Finance agrees to furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Lead Underwriter may in its sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters under this Agreement and the Terms Agreement.

6. INDEMNIFICATION AND CONTRIBUTION. (a) NiSource and NiSource Finance, jointly and severally, will indemnify and hold harmless each Underwriter, its partners, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act, against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any

material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; PROVIDED, HOWEVER, that NiSource and NiSource Finance will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to NiSource or NiSource Finance by any Underwriter through the Representatives, if any, specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in the Terms Agreement; AND PROVIDED, FURTHER, that with respect to any untrue statement or alleged untrue statement in or omission or alleged omission from any preliminary prospectus or prospectus supplement the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Underwriter from whom the person asserting any such loss, claim, damage or liability purchased the Offered Securities concerned, to the extent that a prospectus or prospectus supplement relating to such Offered Securities was required to be delivered by such Underwriter under the Act in connection with such purchase and any such loss, claim, damage or liability of such Underwriter results from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Offered Securities to such person, a copy of the prospectus or prospectus supplement (exclusive of material incorporated by reference) if NiSource or NiSource Finance had previously furnished copies thereof to such Underwriter.

(b) Each Underwriter will severally and not jointly indemnify and hold harmless NiSource and NiSource Finance, their respective directors and officers and each person, if any, who controls each of NiSource and NiSource Finance within the meaning of Section 15 of the Act, against any losses, claims, damages or liabilities to which NiSource or NiSource Finance may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, the Prospectus, or any amendment or supplement thereto, or any related preliminary prospectus or preliminary prospectus supplement, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in

conformity with written information furnished to NiSource or NiSource Finance by such Underwriter through the Representatives, if any, specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by NiSource or NiSource Finance in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in the Terms Agreement.

(c) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced through the forfeiture of substantive rights or defenses by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by NiSource and NiSource

Finance on the one hand and the Underwriters on the other from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of NiSource and NiSource Finance on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by NiSource and NiSource Finance on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by NiSource and NiSource Finance bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by NiSource and NiSource Finance on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of NiSource and NiSource Finance under this Section shall be in addition to any liability which NiSource or NiSource Finance may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act; and the obligations of the Underwriters under this Section shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each director of NiSource and NiSource Finance, to each officer of NiSource and NiSource Finance who has signed the Registration Statement and to each person, if any, who controls NiSource or NiSource Finance within the meaning of the Act.

7. DEFAULT OF UNDERWRITERS. If any Underwriter or Underwriters default in their obligations to purchase Offered Securities under the Terms Agreement and the aggregate principal amount (if debt securities) or number of shares (if preferred stock or Common Stock) of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total principal amount (if debt securities) or number of shares (if preferred stock or Common Stock) of Offered Securities, the Lead Underwriter may make arrangements satisfactory to NiSource and/or NiSource Finance, as the case may be, for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by the Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments under the Terms Agreement (including the provisions of this Agreement), to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase. If any Underwriter or Underwriters so default and the aggregate principal amount (if debt securities) or number of shares (if preferred stock or Common Stock) of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total principal amount (if debt securities) or number of shares (if preferred stock or Common Stock) of Offered Securities and arrangements satisfactory to the Lead Underwriter and NiSource and/or NiSource Finance, as the case may be, for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, the Terms Agreement will terminate without liability on the part of any non-defaulting Underwriter or NiSource or NiSource Finance, except as provided in Section 8. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default. If the Offered Securities are debt securities or preferred stock, the respective commitments of the several Underwriters for the purposes of this Section shall be determined without regard to reduction in the respective Underwriters' obligations to purchase the

principal amounts (if debt securities) or numbers of shares (if preferred stock) of the Offered Securities set forth opposite their names in the Terms Agreement as a result of Delayed Delivery Contracts entered into by NiSource and/or NiSource Finance, as the case may be.

8. SURVIVAL OF CERTAIN REPRESENTATIONS AND OBLIGATIONS. The respective indemnities, agreements, representations, warranties and other statements of NiSource, NiSource Finance or their respective officers and of the several Underwriters set forth in or made pursuant to the Terms Agreement (including the provisions of this Agreement) will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, NiSource, NiSource Finance or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the Terms Agreement is terminated pursuant to Section 7 or if for any reason the purchase of the Offered Securities by the Underwriters is not consummated, NiSource and NiSource Finance shall remain

responsible for the expenses to be paid or reimbursed by it pursuant to Section 4 and the respective obligations of NiSource, NiSource Finance and the Underwriters pursuant to Section 6 shall remain in effect. If the purchase of the Offered Securities by the Underwriters is not consummated for any reason other than solely because of the termination of the Terms Agreement pursuant to Section 7 or the occurrence of any event specified in clauses (iii), (iv), (v), (vi) or (vii) of Section 5(c), NiSource and/or NiSource Finance will reimburse the Underwriters for all out-of-pocket expenses (including fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities.

9. NOTICES. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to them at their address furnished to NiSource in writing for the purpose of communications hereunder or, if sent to NiSource, will be mailed, delivered or telegraphed and confirmed to it at 801 East 86th Avenue, Merrillville, Indiana 46410, Attention: David J. Vajda, if sent to NiSource Finance, will be mailed, delivered or telegraphed and confirmed to it at 801 East 86th Avenue, Merrillville, Indiana 46410, Attention: David J. Vajda, in each case with a copy to Peter V. Fazio, Jr., Schiff Hardin & Waite, 6600 Sears Tower, Chicago, Illinois 60606-6473.

10. SUCCESSORS. The Terms Agreement (including the provisions of this Agreement) will inure to the benefit of and be binding upon NiSource, NiSource Finance and such Underwriters as are identified in the Terms Agreement and their respective successors and the officers and directors and controlling persons referred to in Section 6, and no other person will have any right or obligation hereunder.

11. REPRESENTATION OF UNDERWRITERS. Any Representativeswill act for the several Underwriters in connection with the financing described in the Terms Agreement, and any action under such Terms Agreement (including the provisions of this Agreement) taken by the Representatives jointly or by the Lead Underwriter will be binding upon all the Underwriters.

12. COUNTERPARTS. The Terms Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

13. APPLICABLE LAW. THIS AGREEMENT AND THE TERMS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Each of NiSource and NiSource Finance hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising

out of or relating to the Terms Agreement (including the provisions of this Agreement) or the transactions contemplated thereby.

Dated: November 6, 2002

ANNEX I

(Three copies of this Delayed Delivery Contract should be signed and returned to the address shown below so as to arrive not later than 9:00 A.M., New York time, on [____________], 200_)

DELAYED DELIVERY CONTRACT

[Insert date of initial public offering]

[NISOURCE INC.] [NISOURCE FINANCE CORP.]
c/o ____________________________________

Gentlemen:

The undersigned hereby agrees to purchase from [NiSource Inc., a Delaware corporation ("NISOURCE"),] [NiSource Finance Corp., an Indiana corporation and wholly-owned subsidiary of NiSource Inc.("NISOURCE FINANCE")] and [NiSource] [NiSource Finance] agrees to sell to the undersigned, as of the date hereof, for delivery on [________], 200_ ("DELIVERY DATE"), [__________ shares] [$_______________ principal amount] [of [NiSource's] [NiSource Finance's] [insert title of securities] ("SECURITIES"), offered by the Prospectus of NiSource and NiSource Finance dated [________], 200_ and a Prospectus Supplement dated [________], 200_ relating thereto, receipt of copies of which is hereby acknowledged, at- % of the principal amount thereof plus accrued interest, if any,-$ per share plus accrued dividends, if any,-and on the further terms and conditions set forth in this Delayed Delivery Contract ("CONTRACT").

[IF TWO OR MORE DELAYED CLOSINGS, INSERT THE FOLLOWING:

The undersigned will purchase from [NiSource][NiSource Finance] as of the date hereof, for delivery on the dates set forth below, Securities in the-principal-amounts set forth below:

Delivery Date	[Number of Shares/Principal Amount]

Each of such delivery dates is hereinafter referred to as a Delivery Date.]

Payment for the Securities that the undersigned has agreed to purchase for delivery on--the--each--Delivery Date shall be made to [NiSource][NiSource Finance] or its order in Federal (same day) funds by certified or official bank check or wire transfer to an account designated by [NiSource][NiSource Finance] at a bank acceptable to the Underwriter, at the office of at A.M. on--the--such--Delivery Date upon delivery to the undersigned of the Securities to be purchased by the undersigned--for delivery on such Delivery Date--in definitive [IF DEBT ISSUE, INSERT--fully registered] form and in such denominations and registered in such names as the undersigned may designate by written or telegraphic communication addressed to [NiSource][NiSource Finance] not less than five full business days prior to--the--such--Delivery Date.

It is expressly agreed that the provisions for delayed delivery and payment are for the sole convenience of the undersigned; that the purchase hereunder of Securities is to be regarded in all respects as a purchase as of the date of this Contract; that the obligation of [NiSource][NiSource Finance] to make delivery of and accept payment for, and the obligation of the undersigned to take delivery of and make payment for, Securities on--the--each--Delivery Date shall be subject only to the conditions that (1) investment in the Securities shall not at--the--such--Delivery Date be prohibited under the laws of any jurisdiction in the United States to which the undersigned is subject and (2) [NiSource][NiSource Finance] shall have sold to the Underwriters the total--principal amount--number of shares--of the Securities less the--principal amount--number of shares--thereof covered by this and other similar Contracts. The undersigned represents that its investment in the Securities is not, as of the date hereof, prohibited under the laws of any jurisdiction to which the undersigned is subject and which governs such investment.

Promptly after completion of the sale to the Underwriters [NiSource][NiSource Finance] will mail or deliver to the undersigned at its address set forth below notice to such effect, accompanied by--a copy--copies--of the opinion[s] of counsel for [NiSource][NiSource Finance] delivered to the Underwriters in connection therewith.

This Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the written consent of the other.

It is understood that the acceptance of any such Contract is in [NiSource][NiSource Finance]'s sole discretion and, without limiting the foregoing, need not be on a first-come, first-served basis. If this Contract is acceptable to [NiSource][NiSource Finance], it is requested that [NiSource][NiSource Finance] sign the form of acceptance below and mail or deliver one of the counterparts hereof to the undersigned at its address set forth below. This will become a binding contract between [NiSource][NiSource Finance] and the undersigned when such counterpart is so mailed or delivered.

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Yours very truly,

____
(Name of Purchaser)

By____________________________
[Name/Title]

____

____
(Address of Purchaser)

Accepted, as of the above date.

[NISOURCE INC.] [NISOURCE FINANCE CORP.]

By____________________________
[Insert Title]

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NiSource announces successful remarketing of PIES debentures

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) announced today a successful remarketing of the senior debentures due in 2005 included in its Premium Income Equity Securities (PIES). The successful bidder, Deutsche Bank Securities, has agreed to exchange the debentures for a new issue of 10-year notes, which it is underwriting to the public. NiSource will receive proceeds of $345 million from the transaction, which is scheduled to close on February 19, 2003.

"This is a beneficial transaction for NiSource because we were able to extend the duration of the notes from two years to ten years at a favorable rate of interest," said David J. Vajda, vice president and treasurer, NiSource. "With this exchange, NiSource will issue 10-year notes at a coupon rate of 6.15 percent," Vajda added. The new notes will mature in 2013.Specific terms of the transaction include:

- Deutsche Bank agreed to purchase substantially all of the outstanding debentures due 2005.
- Deutsche Bank Securities and NiSource executed an underwriting agreement for the new notes.

About NiSource

NiSource Inc. (NYSE: NI) is a Fortune 500 holding company with headquarters in Merrillville, Ind., whose core operating companies engage in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com

Prospectus supplement to prospectus dated November 20, 2000

NiSource

NiSource Finance Corp.

$345,000,000

6.15% Notes due 2013

Unconditionally Guaranteed by NiSource Inc.

We will pay interest on the notes on March 1 and September 1 of each year, beginning September 1, 2003. The notes will mature on March 1, 2013. We may redeem the notes at any time by paying the greater of principal and interest on the notes or a "make-whole" amount. The notes will be unsecured obligations and will rank equally with our unsecured senior indebtedness. The notes will be issued only in denominations of $1,000 and integral multiples of $1,000.

Investing in the notes involves risk. See "Risk Factors" beginning on page S-8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price	100%	$345,000,000
Underwriting commissions	(1)	(1)
Proceeds, before expenses, to NiSource Finance	100%	$345,000,000(2)

(1) NiSource Finance has agreed to pay the underwriters a commission of 0.65% of the principal amount of notes offered, or an aggregate commission of $2,242,500.

(2) While the notes are offered to the public for cash, we expect that the underwriter will purchase the notes from us primarily by delivering debentures of our subsidiary, NiSource Capital Markets. The debentures are part of NiSource's Premium Income Equity Securities, or "PIES."

The public offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from February 19, 2003.

Deutsche Bank Securities

The date of this prospectus supplement is February 13, 2003.

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this note offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus and prospectus supplement. This means that we can disclose important information to you by referring you to another document that NiSource has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus and prospectus supplement. Information that NiSource files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus and prospectus supplement to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed February 22, 2002;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002, June 30, 2002 and September 30, 2002;
- our Current Reports on Form 8-K dated May 21, 2002, November 1, 2002 and November 7, 2002; and
- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by the prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

SUMMARY

This summary highlights certain information appearing elsewhere in this document. This summary is not complete and does not contain all of the information that you should consider before purchasing the notes. You should carefully read the "Risk Factors" section beginning on page S-8 of this prospectus supplement to determine whether an investment in our notes is appropriate for you. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries.

NiSource Inc.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to approximately 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England.

We are the largest regulated natural gas distribution company, as measured by number of customers, operating east of the Rocky Mountains. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission, storage and production holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated natural gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. We derive substantially all our revenues and earnings from the operating results of our subsidiaries. Our primary business segments are:

- gas distribution;
- gas transmission and storage;
- electric operations; and
- exploration and production.

Strategy. We are focused on using our core regulated gas and electric businesses to serve customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic, New England and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. The acquisition of Columbia Energy Group in November 2000 furthered this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution and storage assets in Ohio and the Mid-Atlantic and Columbia's interstate transmission assets. We are committed to maximizing our efficiency in our core regulated operations without compromising customer service and safety.

Gas Distribution. We are the nation's third largest regulated gas distribution company based on volume of gas sales, with an average volume of over 2.3 billion cubic feet per day. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas under the Columbia Gas name to approximately 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 765,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc.

Additionally, our subsidiaries Bay State Gas Company and Northern Utilities, Inc. distribute natural gas to more than 327,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. Our gas transmission and storage subsidiaries own and operate an interstate pipeline network of approximately 16,130 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, the companies serve customers in 17 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, Columbia Gas Transmission Corporation operates one of the nation's largest underground natural gas storage systems, capable of storing approximately 670 billion cubic feet of natural gas.

Electric Operations. We generate and distribute electricity through our subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 437,000 customers in 21 counties in the northern part of Indiana. Northern Indiana owns and operates three coal-fired electric generating stations with a net capacity of 2,694 megawatts, three gas-fired combustion turbine generating units with a net capacity of 186 megawatts and two hydroelectric generating plants with a net capacity of 10 megawatts, for a total system net capacity of 2,890 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 2002, Northern Indiana generated 72.6% and purchased 27.4% of its electric requirements.

Exploration and Production. We own over 1.1 trillion cubic feet equivalent of proven natural gas reserves, located primarily within the Appalachian region as well as Canada. We have entered into forward sales contracts with Mahonia II Limited to provide natural gas through February 2006. As of September 30, 2002, we had a remaining obligation to deliver 125.1 billion cubic feet of natural gas under these contracts. The contractual price for this natural gas is currently below market. We also have financial interests in over 8,000 wells and own and operate approximately 6,200 miles of gathering pipelines. We recently announced our decision no longer to invest in exploratory drilling and to focus instead on maximizing production from our existing assets, while actively seeking opportunities to monetize the value of these assets.

Other Operations. We provide energy-related services, including gas marketing, electric transmission, bulk power and power trading, and participate in the development of merchant power projects. Through our subsidiary EnergyUSA-TPC Corp., we provide natural gas sales to industrial and commercial customers and engage in natural gas marketing activities. Through our subsidiary, Primary Energy, Inc., we develop, build, own, operate and manage industrial-based energy projects. Primary Energy develops on-site, industrial-based energy solutions for large complexes having multiple energy flows, such as electricity, steam, by-product fuels or heated water. We participate in real estate and other businesses.

Non-Core Divestitures. On January 28, 2002, we sold the stock of SM&P Utility Resources, Inc. to The Laclede Group, Inc. for $37.9 million, recognizing an after-tax gain of $12.5 million. The net assets of SM&P were reported as assets held for sale on the consolidated balance sheets as of December 31, 2001.

On April 30, 2002, we sold the assets of the Indianapolis Water Company and other assets of IWC Resources Corporation and its subsidiaries to the City of Indianapolis for $540.0 million, resulting in an after-tax gain of $7.5 million. Also in April 2002, we sold our interest in White River Environmental Partnership, an IWC investment, to the other partners for $8.0 million, approximating book value. The water utilities' operations were reported as discontinued operations for all periods in 2001 and 2002.

On July 1, 2002, in order to scale back our energy trading portfolio, we sold our net obligations under a significant portion of our gas forward transaction portfolio, physical storage inventory and associated agreements to a third party. In accordance with the terms of the agreement, we paid $6.8 million to settle the net obligations.

On January 28, 2003, our subsidiary Columbia Natural Resources, Inc. sold its interest in a natural gas exploration and production joint venture in New York state for $95.0 million. The interests sold represented approximately 39 billion cubic feet equivalent of natural gas reserves, or approximately 3.5 percent of Columbia Natural Resources' total reserves. The 2002 production from the joint venture assets was approximately 6 billion cubic feet equivalent, or approximately 11 percent of our total 2002 production.

We have decided to exit the telecommunications business due to overcapacity in the market for dark fiber, resulting in a non-cash charge to discontinued operations of $51.3 million after tax. This charge will be reflected in the fourth quarter of 2002.

NiSource Finance Corp.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the notes will be fully and unconditionally guaranteed by NiSource.

NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana. Before the acquisition of Columbia Energy Group, NiSource conducted its financing activities through NiSource Capital Markets, Inc., a first-tier subsidiary of NiSource. We expect NiSource to conduct all future financing through NiSource Finance.

The Offering

Issuer	NiSource Finance Corp.
Securities Offered	$345,000,000 aggregate principal amount of 6.15% Notes due 2013.
Guarantee	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the notes.
Issue Price	100% plus accrued interest from February 19, 2003.
Interest	6.15% per year. Interest on the notes is payable semi-annually on March 1 and September 1 of each year, commencing September 1, 2003.
Optional Redemption	We may redeem all or part of the notes at any time at our option at a redemption price equal to the greater of (1) the principal amount of the notes being redeemed plus accrued interest to the redemption date and (2) a "make-whole" amount based on the yield of a comparable U.S. Treasury security plus 0.35%.
Ranking	The notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance. The guarantee will be a senior, unsecured obligation of NiSource, ranking equally in right of payment with other senior indebtedness of NiSource. Because NiSource is a holding company that derives substantially all of its income from operating subsidiaries, the guarantee will effectively be subordinated to debt and preferred stock at the subsidiary level.

The Indenture does not limit the amount of debt that NiSource Finance, NiSource or any of its subsidiaries may incur.

Limitation on Liens	Subject to certain exceptions, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any secured debt, except intercompany indebtedness, without also securing the notes, unless the total amount of all of the secured debt would not exceed 10% of our consolidated net tangible assets.
Use of Proceeds	The underwriter is offering the notes to the public for cash. We expect that the underwriter will purchase the notes from us primarily for debentures of our subsidiary, NiSource Capital Markets, which are one component of NiSource's Premium Income Equity Securities, or "PIES," issued in 1999. The underwriter purchased the debentures for cash in a remarketing conducted on February 13, 2003. The other component of a PIES is a stock purchase contract obligating the holder to purchase a certain number of NiSource common shares for $50 on February 19, 2003. NiSource will receive the net proceeds of the remarketing in satisfaction of the PIES holders' obligations under the stock purchase contracts. The net proceeds, after estimated expenses, to NiSource under the stock purchase contracts will be approximately $344.1 million, which we will use to repay short-term indebtedness and for general corporate purposes.

For additional information regarding the Notes, see "Supplemental Description of the Notes."

RISK FACTORS

In deciding whether to invest in the notes, you should consider carefully the following factors that could materially adversely affect our operating results and financial condition. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. You should also consider the information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, as updated by our subsequent reports on Form 10-Q and Form 8-K. Each of the risks described below could result in a decrease in the value of the notes and your investment therein.

We have substantial indebtedness, which could adversely affect our financial condition.

We have a significant amount of indebtedness outstanding as a result of our acquisition of Columbia Energy Group. We had total consolidated indebtedness of approximately $7.2 billion outstanding as of December 31, 2002.

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- lead parties with whom we do business to require additional credit support, such as letters of credit, in order for us to transact such business;
- place us at a competitive disadvantage compared to our competitors that are less leveraged;
- result in a downgrade in our ratings; and
- increase our vulnerability to general adverse economic and industry conditions.

Some of our debt obligations contain financial covenants related to debt-to-capital ratios and interest coverage ratios and cross-default provisions. Our failure to comply with any of these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our outstanding debt obligations. Any such acceleration would cause a material adverse change in our financial condition.

Our strategy to improve our balance sheet depends upon our ability to access capital markets.

We have historically relied on commercial paper markets and fixed income capital markets as a source of liquidity for capital requirements not satisfied by the cash flow from our operations.

In January 2002 and more recently in January 2003, Standard and Poor's reaffirmed our BBB senior unsecured long-term credit rating and our A2 commercial paper rating with a negative outlook. However, on February 1, 2002, Moody's Investor Service downgraded our senior unsecured long-term credit rating to Baa3 and our commercial paper rating to P3 with a negative outlook. Moody's confirmed this rating in January 2003. As a split-rated A2/ P3 commercial paper issuer, we have had our access to the commercial paper market significantly constrained and have met our liquidity needs by using our $500 million revolving credit facility, which expires in March 2003, and our $1.25 billion facility, which expires in March 2004. As of January 31, 2003, $1,041 million was available under these facilities. We expect to refinance a portion of our short-term borrowing requirements in the fixed-income capital markets.

If we are not able to access capital at competitive rates, our ability to implement our strategy to improve our balance sheet will be adversely affected. This could result in a ratings downgrade. In addition, if we are unable to sell or otherwise monetize the balance of our natural gas exploration and production business, our credit ratings could be downgraded. A further downgrade of our credit rating would further adversely affect our ability to access one or more financial markets, which could negatively affect our financial results.

Further credit ratings downgrades will increase our financing costs and the costs of maintaining certain contractual relationships.

If our current ratings are downgraded, our borrowing costs will increase, as will the costs of maintaining certain contractual relationships. Additionally, if our ratings were to decline below investment grade, we would lose the ability to finance under certain receivables sales facilities.

Columbia Energy Group's current unsecured long-term credit is rated BBB by Standard & Poor's and Baa2 by Moody's. If either of these ratings were to decline below its current level, Columbia would be immediately required to post approximately $261 million in collateral (including letters of credit) to support an indemnity obligation relating to a forward sale of natural gas made by its exploration and production business. Posting collateral would adversely impact our liquidity.

We will need additional capital to refinance indebtedness that is scheduled to mature and for other working capital purposes, which we may not be able to obtain.

After this offering, we will be required to obtain significant additional capital in 2003 to execute our business plan, meet working capital needs and repay existing indebtedness scheduled to mature during the period. In particular, we will be required to repay, refinance or extend the following indebtedness:

- NiSource Finance's $500 million 364-day credit facility expiring March 2003;
- $300 million of NiSource Finance's 5 3/4% Notes due April 15, 2003; and
- $750 million of NiSource Finance's 7 1/2% Notes due November 15, 2003.

If we are unable to obtain additional capital to repay this debt, our operations and liquidity could be materially adversely affected.

The terms of our settlement with the Indiana Utility Regulatory Commission will result in credits to consumers.

On September 23, 2002, the Indiana Utility Regulatory Commission approved a settlement agreement that entitles electric customers of Northern Indiana Public Service Company to receive an amount intended to approximate $55.0 million each year in credits to their electric bills for 49 months. Northern Indiana's electric customers, other than those on certain contract rates, will receive a credit of approximately six percent of the electric portion of their monthly Northern Indiana bill. The settlement was the result of months of negotiations among Northern Indiana, the Indiana Office of Utility Consumer Counselor and a group of commercial and industrial customers.

The Indiana Utility Regulatory Commission has denied a petition for reconsideration, and the approval of the settlement is currently being appealed. There can be no assurances that the appeal will not result in further proceedings before the Indiana Utility Regulatory Commission, or that such proceedings will not result in a further reduction in rates.

Increased federal and state environmental regulation of NOx emissions will require us to incur large capital expenditures.

The Environmental Protection Agency has recently approved Indiana state rules intended to reduce nitrogen oxide (NOx) levels from several sources, including industrial and utility boilers. The rules are part of a program intended to reduce ozone levels in the eastern United States. Compliance with the NOx limits contained in these rules is required by May 31, 2004. Capital estimates of our NOx control compliance costs range from $200 to $300 million over the next two years. Actual compliance costs may vary depending on a number of factors including market demand/resource constraints, uncertainty of future equipment and construction costs, and the potential need for additional control technology.

A significant portion of the gas and electricity we sell is used for heating and air conditioning. Accordingly, our operating results fluctuate depending on the weather.

Our energy sales are sensitive to variations in weather conditions. We forecast energy sales on the basis of normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. For example, record warm weather in our markets in the first quarter of 2002 negatively affected basic earnings by 16 cents per share, when compared to the long-term historical average, and by 12 cents per share, when compared to the comparable period in 2001.

Our electric operations are subject to economic conditions in certain industries.

Our electric operations in northern Indiana have been and may continue to be adversely affected by substantial declines in sales to industrial customers. In particular, the steel and steel related industries have been adversely impacted by recent events and market conditions, with two major customers declaring bankruptcy. There can be no assurances whether sales will return to historical levels.

Recent events that are beyond our control have increased the level of public and regulatory scrutiny of our industry. Governmental and market reactions to these events may have negative impacts on our business, financial condition and access to capital.

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, recently discovered accounting irregularities at public companies in general and energy companies in particular, and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. Recently discovered accounting irregularities have caused regulators and legislators to review current accounting practices, financial disclosures and companies' relationships with their independent auditors. The capital markets and ratings agencies also have increased their level of scrutiny. We believe that we are complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what effect these types of events may have on our business, financial condition or access to the capital markets.

As a result of these events, Congress passed the Sarbanes-Oxley Act of 2002. It is unclear what additional laws or regulations may develop, and we cannot predict the ultimate impact of any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or our operations specifically.

Our Whiting merchant energy project is operating at a loss.

Our Primary Energy subsidiary has developed a merchant energy facility at BP's Whiting, Indiana refinery. This facility uses natural gas to generate electricity for sale in the wholesale markets and is expected, after plant modifications, to generate steam for industrial use. Recent developments in the wholesale power market have resulted in depressed wholesale power prices, which have substantially reduced revenues for participants in the market. We expect that the facility will operate at a loss in the near term based on the current market view of forward pricing for gas and electricity. We estimate that the after-tax loss for 2002 was approximately $20.0 million. The profitability of the project in future periods will depend on, among other things, prevailing prices in the energy markets and regional load dispatch patterns.

Your ability to recover from our former auditors, Arthur Andersen LLP, for any potential financial misstatements may be limited.

On May 21, 2002, the Board of Directors of NiSource, upon recommendation of its Audit Committee, dismissed Arthur Andersen LLP as the independent public accountants for NiSource and its subsidiaries, Columbia and Northern Indiana, and retained Deloitte & Touche LLP to serve as the independent public accountants of NiSource and its subsidiaries for 2002.

Andersen completed its audit of NiSource's consolidated financial statements for the year ended December 31, 2001 and issued its report with respect to such consolidated financial statements on January 29, 2002. Subsequently, on June 15, 2002 Andersen was convicted of obstruction of justice charges arising from the government's investigation of Enron Corporation and has ceased to audit publicly held companies. Because Andersen is unlikely to survive, purchasers of Notes may not be able to recover against Andersen for any claims they may have under securities or other laws as a result of Andersen's previous role as our independent public accountants and as author of the audit report for the audited financial statements incorporated by reference in this prospectus.

USE OF PROCEEDS

The underwriter is offering the notes to the public for cash. We expect that the underwriter will purchase the notes from us by delivering $344,664,600 principal amount of 5.90% Senior Debentures due 2005 of NiSource Capital Markets, Inc., which the underwriter agreed to purchase for cash in a remarketing conducted on February 13, 2003, and $335,400 in cash. We are paying Deutsche Bank Securities Inc. a commission of $2,242,500 in connection with this transaction.

The Senior Debentures comprise one component of the Premium Income Equity Securities, or "PIES," that NiSource issued in 1999. The other component of a PIES is a stock purchase contract obligating the holder to purchase a certain number of NiSource common shares for $50 on February 19, 2003. A PIES holder could elect to pay for the stock in cash or cash equivalents, or with the proceeds from the remarketing of his Senior Debentures. Under the terms of the PIES, substantially all of the Senior Debentures were remarketed to Deutsche Bank Securities Inc. on February 13, 2003 for $344,664,600. NiSource will receive the net proceeds from the remarketing of $339,664,600 principal amount of Senior Debentures, plus approximately $5.3 million in separate cash and cash equivalents, in satisfaction of the PIES holders' obligations under the stock purchase contracts and will issue to the PIES holders approximately 13.1 million shares of common stock. We expect the net proceeds to us from the remarketing and related payments under the stock purchase contracts to be approximately $344.1 million, after the remarketing agent's fees and estimated expenses.

NiSource will advance the payments received under the stock purchase contracts to NiSource Finance to repay short-term bank borrowings having an annual interest rate of 2.094% as of January 31, 2003 and for general corporate purposes.

CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at September 30, 2002 (1) on a consolidated basis, (2) on a consolidated basis as adjusted to reflect the sale of 41.4 million shares of NiSource common stock in a November 2002 public offering and (3) on a consolidated basis as further adjusted to reflect (a) the settlement of the purchase contracts included in the PIES, (b) the remarketing of the NiSource Capital Markets Senior Debentures included in the PIES, (c) the issuance and sale of the Notes and (d) the use of the net proceeds as set forth under "Use of Proceeds." This table should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2001, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Where You Can Find More Information" in the accompanying prospectus.

	September 30, 2002		
	Actual	As Adjusted for the November 2002 Common Stock Offering	As Further Adjusted for the PIES and the Notes
	(in millions)		
Long-term debt (excluding amounts due within one year)	$ 5,792.9	$ 5,792.9	$ 6,137.9
Company-obligated mandatorily redeemable security of trust holding solely parent company debentures (PIES)(a)	345.0	345.0	—
Cumulative preferred stocks	85.5	85.5	85.5
Common stockholders' equity	3,343.0	4,077.9	4,422.9
Total capitalization	$ 9,566.4	$ 10,301.3	$ 10,646.3
Short-term borrowings (including current portion of long-term debt)(b)	$ 2,025.3	$ 1,290.4	$ 946.3

(a) Upon dissolution of the trust on February 13, 2003, these securities (consisting of the Debentures) will be reclassified as long-term debt.

(b) Excludes $43.0 million of preferred stock redeemed on October 14, 2002 pursuant to mandatory redemption provisions.

RATIO OF EARNINGS TO FIXED CHARGES

The following are ratios of our earnings to fixed charges for each of the periods indicated:

Nine Months Ended	Fiscal Year Ended December 31				
September 30, 2002	**2001**	**2000**	**1999**	**1998**	**1997**
2.08	1.64	1.84	2.14	2.87	3.10

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following financial information is only a summary, and you should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this document.

	Nine Months Ended September 30, 2002	2001	2000(a)	1999(a)
		(in millions)		
Income Statement Data:				
Gross Revenues	$4,648.1	$9,458.7	$6,030.7	$3,273.5
Operating Income	863.6	1,008.9	557.4	437.9
Income from continuing operations	285.9	212.1	141.1	153.9
Cash Flow Information:				
EBITDA(b)	1,285.1	1,650.6	935.5	732.9
Cash interest, net of amounts capitalized	260.7	518.0	244.5	152.7
Capital expenditures	373.7	668.1	357.3	313.0
Cash flows from operations	900.5	1,042.6	(15.2)	418.1

Balance Sheet Data:	As of September 30, 2002
	(in millions)
Total assets	$16,627.1
Short term borrowings (including current portion of long-term debt)(c)	2,025.3
Capitalization:	

Long Term debt (excluding amounts due within one year)	5,792.9
Company-obligated mandatorily redeemable security of trust holding solely parent company debentures (PIES)(d)	345.0
Cumulative Preferred Stocks, excluding amounts due within one year	85.5
Common shareholders' equity	3,343.0
Total capitalization	9,566.4

(a) Results for 1999 and 2000 are not directly comparable to results for 2001 due to the acquisition of Columbia Energy Group, which occurred on November 1, 2000.

(b) EBITDA is defined as operating income before depreciation and amortization (excludes other income and income taxes). EBITDA is not a measure of performance under GAAP. While EBITDA should not be considered as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity, management understands that EBITDA is customarily used as a measure in evaluating companies.

(c) Excludes $43.0 million of preferred stock redeemed on October 14, 2002 pursuant to mandatory redemption provisions.

(d) Upon dissolution of the trust on February 13, 2003, these securities will be reclassified as long-term debt.

RECENT RESULTS OF OPERATIONS

On January 30, 2003, we reported our financial results for the year ended December 31, 2002. For the year ended December 31, 2002, income from continuing operations was $425.7 million, or $2.02 per share, compared to $226.4 million or $1.10 per share, in fiscal year 2001. Net income for the year ended December 31, 2002 was $372.5 million, or $1.77 per share, compared to $216.2 million or $1.05 per share, in 2001. All per share amounts are for basic shares.

SUPPLEMENTAL DESCRIPTION OF THE NOTES

Please read the following information concerning the notes in conjunction with the statements under "Description of the Debt Securities" in the accompanying prospectus, which the following information supplements and, if there are any inconsistencies, supersedes. The following description is not complete. The notes will be issued under the Indenture, dated November 14, 2000, that we have entered into with JPMorgan Chase Bank (formerly The Chase Manhattan Bank), as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the notes are being offered and sold.

General

We will offer up to $345 million of 6.15% Notes due 2013 as a series of notes under the Indenture. The notes will be fully and unconditionally guaranteed by NiSource. See "Guarantee of NiSource" in the accompanying prospectus.

The notes will constitute part of the senior debt of NiSource Finance and are equal in right of payment to any other senior unsecured obligations of NiSource Finance. The notes will not be subject to any mandatory redemption or sinking fund payments.

Interest Payments

The entire principal amount of the notes will mature and become due and payable, together with any accrued and unpaid interest, on March 1, 2013. Each note will bear interest at the annual rate set forth on the cover page of this prospectus supplement beginning February 19, 2003. The interest will be paid semi-annually on March 1 and September 1, commencing September 1, 2003. Interest will be paid to the person in whose name the Note is registered at the close of business on February 15 and August 15 immediately preceding March 1, and September 1. We will compute the amount of interest payable on the basis of a 360-day year of twelve 30-day months.

Optional Redemption

We may redeem all or part of the notes at any time at our option at a redemption price equal to the greater of (1) the principal amount of the notes being redeemed plus accrued interest to the redemption date or (2) the Make-Whole Amount for the notes being redeemed.

As used herein:

"Make-Whole Amount" means the sum, as determined by a Quotation Agent, of the present values of the principal amount of the notes to be redeemed, together with scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the maturity date of the notes, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued interest on the principal amount of the notes being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15 (519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, plus 0.35%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term from the redemption date to the maturity date of the notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

"Quotation Agent" means the Reference Treasury Dealer selected by the trustee after consultation with us.

"Reference Treasury Dealer" means a primary U.S. Government securities dealer selected by us.

"Comparable Treasury Price" means, with respect to any redemption date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the trustee, Reference Treasury Dealer Quotations for such redemption date.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Selection and Notice of Redemption

If we are redeeming less than all the notes at any time, the trustee will select the notes to be redeemed using a method it considers fair and appropriate.

We will redeem notes in increments of $1,000. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. However, we will not know the exact redemption price until 3 business days before the redemption date. Therefore, the notice of redemption will only describe how the redemption price will be calculated.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount thereof to be redeemed. We will issue a note in principal amount equal to the unredeemed portion of the original note in the name of the holder thereof upon cancellation of the original note. Notes called for redemption will become due on the date fixed for redemption. On or after the redemption date, interest will cease to accrue on notes or portions of them called for redemption.

Forms and Denominations

The Notes will be issued as one or more global securities in the name of a nominee of the Depository Trust Company and will be available only in book-entry form. See "Book-Entry Issuance" in the accompanying prospectus. The Notes are available for purchase in multiples of $1,000.

Additional Notes

We may, without the consent of the holders of the notes, create and issue additional notes ranking equally with the notes offered hereby in all respects, including having the same CUSIP number, so that such additional notes would be consolidated and form a single series with the notes offered hereby and would have the same terms as to status, redemption or otherwise as the notes offered hereby. No additional notes may be issued if an Event of Default has occurred and is continuing with respect to the notes.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition or holding of Notes by an ERISA Plan with respect to which NiSource, NiSource Finance or the underwriter is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or "PTCEs," that may apply to the acquisition and holding of the notes. These class exemptions include PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. There can be no assurance that a particular purchase of notes will satisfy all of the conditions of any such exemptions.

Because of the foregoing, the notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable similar laws.

Representation

By acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that (i) no portion of the assets used by such purchaser or transferee to acquire and hold the note constitutes assets of any Plan, (ii) the Plan is a governmental plan as defined in Section 3 of ERISA which is not subject to the provisions of Title I of ERISA or Section 401 of the Code or (iii) the purchase and holding of the note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation under any applicable similar laws because such purchase and holding satisfies the conditions of an administrative, statutory or class exemption, including PTCE 91-38, 90-1, 84-14, 95-60 or 96-23.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement, Deutsche Bank Securities Inc., as underwriter, has agreed to purchase from us the following principal amount of notes at the public offering price less the underwriting commissions set forth on the cover page of this prospectus supplement:

Underwriter	**Principal Amount of Notes**
Deutsche Bank Securities Inc.	$ 345,000,000
Total	$ 345,000,000

The underwriting agreement provides that the obligations of the underwriter to purchase the notes offered hereby are subject to certain conditions precedent and that the underwriter will purchase all of the notes offered by this prospectus supplement if any of these notes are purchased.

In addition, we estimate that our share of the total expenses of this offering, excluding underwriting commissions, will be approximately $200,000.

We have agreed to indemnify the underwriter against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriter may be required to make in respect of any of these liabilities.

The underwriter has advised us that it does not intend to confirm sales to any account over which it exercises discretionary authority.

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriter may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering, the underwriter may purchase and sell the notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions.

Short sales involve the sale by the underwriter of a greater principal amount of notes than they are required to purchase in the offering. The underwriter may close out any short position by purchasing notes in the open market. A short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the notes in the open market prior to the completion of the offering.

Stabilizing transactions consist of various bids for or purchases of the notes made by the underwriter in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the notes. Additionally, these purchases may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise.

We have been advised by the underwriter that it may make the notes available for distribution on the Internet through a third-party system operated by Market Axess Inc., an Internet-based communications technology provider. We have also been advised by the underwriter that Market Axess Inc. is providing the system as a conduit for communications between the underwriter and its customers and is not a party to any transactions. We have been advised by the underwriter that Market Axess Inc. is a registered broker-dealer and will receive compensation from the underwriter based on transactions conducted through the system. We have been advised by the underwriter that it will make the notes available to its customers through the Internet on the same terms as distributions of the notes made through other channels. Other than this prospectus supplement, the accompanying prospectus and any registration statement of which they form a part, each in electronic format as filed with the SEC, the information on any Web site is not a part of this prospectus supplement, the accompanying prospectus or any registration statement of which they form a part.

Deutsche Bank AG New York, an affiliate of the underwriter, is a lender under our three-year revolving credit agreement.The underwriter and its affiliates may from time to time engage in future transactions with us and our affiliates and provide services to us and our affiliates in the ordinary course of their business.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Schiff Hardin & Waite, Chicago, Illinois. Peter V. Fazio, Jr., a partner of the firm who also serves as executive vice president and general counsel of NiSource holds approximately 11,400 shares of NiSource's common stock. The underwriter has been represented by Dewey Ballantine LLP, New York, New York.

EXPERTS

The consolidated financial statements and schedules of NiSource incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

PROSPECTUS

$2,500,000,000

NiSource Inc.

Common Stock

Preferred Stock
Guarantees of Debt Securities

NiSource Finance Corp.

Debt Securities

Guaranteed as Set Forth in This Prospectus by NiSource Inc.

NiSource Inc. may offer, from time to time, in amounts, at prices and on terms that it will determine at the time of offering, any or all of the following:

- shares of common stock, including preferred stock purchase rights;
- shares of preferred stock, in one or more series.

NiSource Finance Corp., a wholly owned subsidiary of NiSource, may offer from time to time in amounts, at prices and on terms to be determined at the time of the offering, one or more series of its debt securities. NiSource will fully and unconditionally guarantee the obligations of NiSource Finance under any debt securities issued under this prospectus or any prospectus supplement.

We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading "Plan of Distribution" beginning on page 19 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 20, 2000.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, utilizing a "shelf" registration or continuous offering process. Under this process, NiSource may offer shares of its common stock or preferred stock, and NiSource Finance may offer various series of its debt securities guaranteed by NiSource, from time to time using this prospectus and related prospectus supplements. These securities may be offered up to a total amount of $2.5 billion.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities and guarantees we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the applicable prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read at the SEC website or at the SEC offices mentioned under the heading "Where You Can Find More Information."

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

References to "NiSource" refer to NiSource Inc. and references to "NiSource Finance" refer to NiSource Finance Corp. Unless the context requires otherwise, references to "we," "us" or "our" refer collectively to NiSource and its subsidiaries, including NiSource Finance. References to "securities" refer collectively to the common stock, preferred stock, debt securities and guarantees of debt securities registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

NiSource files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document NiSource files at the SEC's public reference rooms at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, Seven World Trade Center, Suite 1300, New York, New York 10048, and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You may obtain additional information about the public reference rooms by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a site on the Internet (http://www.sec.gov) that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC, including NiSource.

You may also read reports, proxy statements and other documents relating to NiSource at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

The SEC allows us to "incorporate by reference" information into this prospectus. This means that we can disclose important information to you by referring you to another document that NiSource, or one of its corporate predecessors, NiSource Inc. (incorporated in Indiana) and Columbia Energy Group, has filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus. Information that NiSource files with the SEC after the date of this prospectus will automatically modify and supersede the information included or incorporated by reference in this prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference our Current Reports on Form 8-K dated November 1, 2000, November 3, 2000, November 6, 2000 (as amended November 7, 2000) and November 7, 2000 and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities. We also incorporate by reference the following documents filed with the SEC by our corporate predecessor NiSource Inc. (incorporated in Indiana) (SEC File Number 1-9779):

- NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;

- NiSource's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000;

- NiSource's Current Reports on Form 8-K dated February 14, 2000, February 24, 2000, March 3, 2000, April 3, 2000, April 25, 2000, June 13, 2000, September 1, 2000, September 13, 2000 and October 31, 2000; and

- NiSource's definitive joint proxy statement/ prospectus dated April 24, 2000.

We also incorporate by reference the following documents filed with the SEC by our corporate predecessor Columbia Energy Group (SEC File Number 1-1098):

- Columbia's Annual Report on Form 10-K for the fiscal year ended December 31, 1999;

- Columbia's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2000, June 30, 2000 and September 30, 2000; and

- Columbia's Current Reports on Form 8-K dated January 27, 2000, April 13, 2000, May 3, 2000, May 12, 2000, May 22, 2000, June 2, 2000, June 15, 2000, July 14, 2000, October 2, 2000, October 12, 2000, October 16, 2000 and November 1, 2000.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Gary W. Pottorff, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (219) 853-5200.

NiSource maintains an Internet site at http://www.nisource.com which contains information concerning NiSource and its subsidiaries. The information contained at NiSource's Internet site is not incorporated by reference in this prospectus, and you should not consider it a part of this prospectus.

We have filed this prospectus with the SEC as part of a registration statement on Form S-3 under the Securities Act of 1933. This prospectus does not contain all of the information included in the registration statement. Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus, in any prospectus supplement and in the documents incorporated by reference are forward-looking statements within the meaning of the securities laws. These statements concern our plans, expectations and objectives for future operations. Any statement that is not a historical fact is a forward-looking statement. We use the words "estimate," "intend," "expect," "believe," "anticipate" and similar expressions to identify forward-looking statements, but some of these statements may use other phrasing. NiSource undertakes no obligation to release any revisions to these forward-looking statements publicly to reflect events or circumstances after the date of this prospectus or accompanying prospectus supplement or to reflect the occurrence of unanticipated events. While we make the forward-looking statements in good faith and believe they are based on reasonable assumptions, these statements are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include:

- the weather;
- the federal and state regulatory environment, including changes in environmental and other laws and regulations to which we are subject;
- the economic climate;
- growth in our service territories;
- customers' usage patterns and preferences;
- the degree to which and the speed with which competition changes the utility industry;
- fluctuation in supply and demand for energy commodities and the timing and extent of changes in commodity prices;
- changing conditions in the capital and equity markets;
- whether, and the extent to which, we achieve efficiencies and cost savings from the integration of the former NiSource and Columbia Energy Group businesses; and
- other uncertainties, all of which are difficult to predict, and many of which are beyond our control, including factors we discuss in this prospectus and any prospectus supplement and our filings with the SEC.

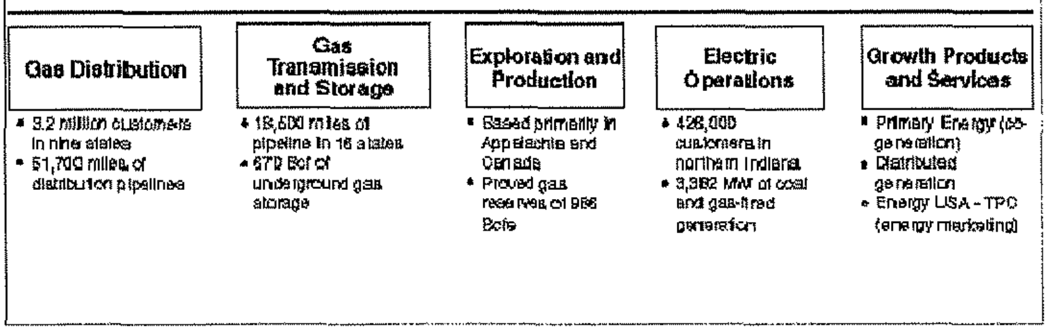
Accordingly, you should not rely on the accuracy of predictions contained in forward-looking statements. These statements speak only as of the date of this prospectus, the date of the accompanying prospectus supplement or, in the case of documents incorporated by reference, the date of those documents.

NISOURCE INC.

Overview. NiSource is a super-regional energy holding company that provides natural gas, electricity and other products and services to 3.6 million customers located within the energy corridor that runs from the Gulf Coast through the Midwest to New England. On November 1, 2000, NiSource completed its acquisition of Columbia Energy Group for an aggregate consideration of approximately $6 billion, with 30% of the consideration paid in common stock and 70% of the consideration paid in cash and SAILS[SM] (units each consisting of a zero coupon debt security coupled with a forward equity contract). NiSource also assumed approximately $2 billion in Columbia debt.

As a result of the acquisition, NiSource is the largest natural gas distribution company, as measured by number of customers, operating east of the Rockies. NiSource's principal subsidiaries include the Columbia Energy Group, a vertically-integrated natural gas distribution, transmission, storage and exploration and production holding company whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; Northern Indiana Public Service Company, a vertically-integrated gas and electric company providing service to customers in northern Indiana; and Bay State Gas Company, a natural gas distribution company serving customers in New England. NiSource's business lines include:

- natural gas distribution;
- natural gas transmission and storage;
- exploration and production;
- electric operations; and
- growth products and services.



Strategy. NiSource is focused on becoming the premier energy company serving customers throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in the Midwest, Mid-Atlantic and Northeast. This corridor is home to 30% of the nation's population and 40% of its energy consumption. NiSource believes natural gas will be the fuel of choice to meet the corridor's growing energy needs. The merger with Columbia furthers this strategy by combining NiSource's natural gas distribution assets in Indiana and New England with Columbia's natural gas distribution, storage and exploration and production assets in Ohio, the Mid-Atlantic and Appalachia and Columbia's interstate transmission assets.

Gas Distribution. NiSource has the nation's second largest volume of gas sales, on average over 2.3 billion cubic feet per day. Through its wholly-owned subsidiary, Columbia Energy Group, NiSource owns five distribution subsidiaries that provide natural gas under the Columbia Gas name to nearly 2.1 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. NiSource also distributes natural gas to approximately 751,000 customers in northern Indiana through three subsidiaries: Northern Indiana Public Service Company, Kokomo Gas and Fuel Company and Northern Indiana Fuel and Light Company, Inc. Additionally, NiSource's subsidiaries, Bay State Gas Company and Northern Utilities, Inc., distribute natural gas to more than 320,000 customers in the areas of Brockton, Lawrence and Springfield, Massachusetts, Lewiston and Portland, Maine, and Portsmouth, New Hampshire.

Gas Transmission and Storage. NiSource's subsidiaries, Columbia Gas Transmission Corporation and Columbia Gulf Transmission Company, own and operate an interstate pipeline network of approximately 16,250 miles extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, Columbia Gas Transmission and Columbia Gulf serve customers in 15 northeastern, mid-Atlantic, midwestern and southern states and the District of Columbia. In addition, Columbia Gas Transmission operates one of the nation's largest underground natural gas storage systems capable of storing approximately 670 billion cubic feet of natural gas.

Columbia Gas Transmission is also participating in the proposed 442-mile Millennium Pipeline Project that has been submitted to the Federal Energy Regulatory Commission for approval. As proposed, the project will have the capacity to transport approximately 700 billion cubic feet of natural gas per day from the Lake Erie region to eastern markets.

NiSource's wholly-owned subsidiaries own and operate interstate pipelines connecting northwest Indiana and Ohio as well as Massachusetts and Maine. In addition, NiSource owns a 19% interest in a pipeline linking production areas in New Brunswick, Canada to Maine, New Hampshire and Massachusetts.

Exploration and Production. NiSource also owns Columbia Energy Resources, Inc., an exploration and production subsidiary that explores for, develops, gathers and produces natural gas and oil in Appalachia and Canada. As of December 31, 1999, Columbia Energy Resources held interests in approximately 3.9 million net acres of gas and oil leases and had proved gas reserves of nearly 966 billion cubic feet of natural gas equivalent. Columbia Energy Resources owns and operates 8,188 wells as well as 6,069 miles of gathering facilities.

Electric Operations. NiSource generates and distributes electricity to the public through its subsidiary Northern Indiana Public Service Company. Northern Indiana provides electric service to approximately 426,000 customers in 30 counties in the northern part of Indiana. Northern Indiana owns and operates four coal-fired electric generating stations with a net capability of 3,179 megawatts, four gas fired combustion turbine generating units with a net capability of 203 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts, for a total system net capability of 3,392 megawatts. Northern Indiana is interconnected with five neighboring electric utilities. During the year ended December 31, 1999, Northern Indiana generated 89.9% and purchased 10.1% of its electric requirements.

Growth Products and Services. NiSource develops unregulated power projects through its subsidiary, Primary Energy, Inc. Primary Energy works with industrial customers in managing the engineering, construction, operation and maintenance of "inside the fence" cogeneration plants that provide cost-effective, long-term sources of energy for energy-intensive facilities.

NiSource provides non-regulated energy services through its wholly-owned subsidiary Energy USA, Inc. Energy USA and its subsidiaries provide to customers in 22 states a variety of energy-related services, including gas marketing and asset management services and underground utility locating and marking services. NiSource expanded its gas marketing and trading operations with the April 1999 acquisition of TPC Corporation, now renamed Energy USA-TPC Corp., a natural gas asset management company. In addition, NiSource has invested in a number of distributed generation technologies including fuel cells and microturbine ventures.

NiSource is completing a fiber optics network for voice and data communication along its pipeline rights-of-way between New York and Washington D.C.

Through its wholly-owned subsidiary, IWC Resources Corporation and its subsidiaries, NiSource supplies water to residential, commercial and industrial customers and for fire protection service in Indianapolis, Indiana and surrounding areas.

Non-Core Divestitures. In connection with the Columbia merger, NiSource has sold or is divesting certain businesses judged to be non-core to NiSource's energy strategy. Subsequent to the announcement of the Columbia acquisition, NiSource sold Market Hub Partners, which owns and operates salt cavern gas storage facilities in Texas and Louisiana, and Columbia completed the divestiture of its interest in the Cove Point LNG facilities, its retail electric supply business and four qualifying facility power plants. Columbia recently announced a definitive agreement for the sale of its electric generation business, and NiSource announced a definitive agreement to sell its Miller Pipeline subsidiary. After-tax proceeds from these asset sales are expected to total approximately $640 million. NiSource is pursuing the sale of Columbia's propane and petroleum businesses and other smaller non-core businesses. As part of the SEC order approving the Columbia merger, NiSource has been ordered to divest its water utility business by November 2003.

NISOURCE FINANCE CORP.

NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance's obligations under the debt securities will be fully and unconditionally guaranteed by NiSource.

NiSource Finance was incorporated in February 2000 under the laws of the State of Indiana. Before the acquisition of Columbia Energy Group, NiSource conducted its financing activities through NiSource Capital Markets, Inc., a first-tier subsidiary of NiSource. We expect NiSource to conduct all future financing through NiSource Finance. We currently intend to merge NiSource Capital Markets into NiSource Finance within the next twelve months, subject to obtaining required consents and approvals.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus and any applicable prospectus supplement to repay short-term borrowings incurred in NiSource's November 2000 acquisition of Columbia Energy Group.

RATIOS OF EARNINGS TO FIXED CHARGES

NiSource's corporate predecessors were NiSource Inc. (incorporated in Indiana) and Columbia Energy Group. The following are ratios of earnings to fixed charges for each of the periods indicated for each of the corporate predecessors, and for NiSource on a pro forma basis for the fiscal year ended December 31, 1999 and the nine months and twelve months ended September 30, 2000, accounting for the acquisition of Columbia Energy Group as a purchase business combination and giving effect to the acquisition as if it had occurred at the beginning of the periods presented:

	Fiscal Year Ended December 31					Nine Months Ended	Twelv Month Endec
	1995	1996	1997	1998	1999	September 30, 2000(1)	
ce Inc. na) of ngs to ges	3.28	3.21	3.10	2.87	2.14	2.45	2.30
ia y) of ngs to ges	N/A	2.78	3.20	3.81	4.03	3.52	4.03
ce Pro					1.56	1.63	1.72

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(1) Results for the twelve months and nine months ended September 30, 2000 are not necessarily indicative of results for the fiscal year ending December 31, 2000.

For purposes of calculating the ratio of earnings to fixed charges, "earnings" consist of income from continuing operations before income taxes plus fixed charges. "Fixed charges" consist of interest on all indebtedness, amortization of debt expense, the portion of rental expenses on operating leases deemed to be representative of the interest factor and preferred stock dividend requirements of consolidated subsidiaries.

DESCRIPTION OF CAPITAL STOCK

General

The authorized capital stock of NiSource consists of 420,000,000 shares, $0.01 par value, of which 400,000,000 are common stock and 20,000,000 are preferred stock. The board of directors has designated 4,000,000 shares of the preferred stock as Series A Junior Participating Preferred Shares. These shares are reserved for issuance under NiSource's Shareholder Rights Plan. Each share of NiSource common stock includes one preferred share purchase right. Each preferred share purchase right entitles its holder to purchase one-hundredth (1/100) of a Series A Junior Participating Preferred Share at a price of $60 per one-hundredth of a share, subject to adjustment. The preferred share purchase rights will become exercisable if a person or group acquires 25% or more of the voting power of NiSource or announces a tender or exchange offer following which the person or group would hold 25% or more of NiSource's voting power. If such an acquisition were consummated, or if NiSource were acquired by the person or group in a merger or other business combination, then each preferred share purchase right would be exercisable for that number of shares of NiSource common stock or the acquiring company's common stock having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will also become exercisable on or after the date on which the 25% threshold has been triggered, if NiSource is acquired in a merger or other business combination in which NiSource is not the survivor or in which NiSource is the survivor but its common stock is changed into or exchanged for securities of another entity, cash or other property, or 50% or more of the assets or earning power of NiSource and its subsidiaries is sold. At that time, each preferred share purchase right will become exercisable for that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the preferred share purchase right. The preferred share purchase rights will not be exercisable in this instance if the person who acquired sufficient shares of stock to reach the 25% threshold acquired its stock under an offer at a price and on terms which the board of directors determines is fair to stockholders and that is in the best interests of NiSource, provided that the per share price offered in the merger or other business combination is not less than the price paid in the offer and the form of consideration offered in the merger or other business combination is the same as that paid in the offer. NiSource may redeem the preferred share purchase rights at a price of $.01 per right prior to the occurrence of an event that causes the preferred share purchase rights to be exercisable for shares of common stock. The preferred share purchase rights will expire on March 12, 2010.

The certificate of incorporation of NiSource includes provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of management of NiSource. NiSource's board of directors is classified into three classes of directors with staggered three-year terms. The directors may be removed only for cause by the affirmative vote of 80% of the combined voting power of all of the then-outstanding shares of stock of NiSource voting together as a single class. Unless the board of directors determines otherwise or except as otherwise required by law, vacancies on the board or newly-created directorships may be filled only by the affirmative vote of directors then in office, even though less than a quorum. If the board of directors or applicable Delaware law confers power on stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by affirmative vote of 80% of the combined voting power of the outstanding shares of stock of NiSource entitled to vote. Stockholders may not cumulate their votes, and stockholder action may be taken only at a duly called meeting and not by written consent. The certificate of incorporation also provides that special meetings of stockholders may be called only by a majority of the total number of authorized directors. In addition, NiSource's bylaws contain requirements for advance notice of stockholder proposals and director nominations. These and other provisions of the certificate of incorporation and bylaws and Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of management of NiSource.

NiSource is currently subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, such as the New York Stock Exchange, from engaging, under certain circumstances, in a "business combination," which includes a merger or sale of more than 10% of the corporation's assets, with any interested stockholder for three years following the date that the stockholder became an interested stockholder. An interested stockholder is a stockholder who acquired 15% or more of the corporation's outstanding voting stock without the prior approval of the corporation's board of directors.

The following summaries of provisions of our common stock and preferred stock are not necessarily complete. You are urged to read carefully NiSource's certificate of incorporation and bylaws which are incorporated by reference as exhibits to the registration statement of which this prospectus is a part.

Common Stock

NiSource common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange, under the symbol "NI." Common stockholders may receive dividends if and when declared by the board of directors. Dividends may be paid in cash, stock or other form. In certain cases, common stockholders may not receive dividends until obligations to any preferred stockholders have been satisfied. All common stock will be fully paid and non-assessable. Each share of common stock is entitled to one vote in the election of directors and other matters. Common stockholders are not entitled to preemptive rights or cumulative voting rights. Common stockholders will be notified of any stockholders' meeting according to applicable law. If NiSource liquidates, dissolves or winds-up its business, either voluntarily or involuntarily, common stockholders will share equally in the assets remaining after creditors and preferred stockholders are paid.

Preferred Stock

The board of directors can, without approval of stockholders, issue one or more series of preferred stock. The board can also determine the number of shares of each series and the rights, preferences and limitations of each series, including any dividend rights, voting rights, conversion rights, redemption rights and liquidation preferences, the number of shares constituting each series and the terms and conditions of issue. In some cases, the issuance of preferred stock could delay a change in control of NiSource and make it harder to remove incumbent management. Under certain circumstances, preferred stock could also restrict dividend payments to holders of common stock. All preferred stock will be fully paid and non-assessable.

The terms of the preferred stock that NiSource may offer will be established by or pursuant to a resolution of the board of directors of NiSource and will be issued under certificates of designation or through amendments to NiSource's certificate of incorporation. If NiSource offers to sell preferred stock, it will describe the specific terms of the preferred stock in a supplement to this prospectus. NiSource will also indicate in the supplement whether the general terms and provisions described in this prospectus apply to the preferred stock that NiSource may offer.

The following terms of the preferred stock, as applicable, will be set forth in a prospectus supplement relating to the preferred stock:

- the title and stated value;
- the number of shares NiSource is offering;
- the liquidation preference per share;
- the purchase price;
- the dividend rate, period and payment date, and method of calculation of dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;

- the provisions for a sinking fund, if any;
- the provisions for redemption or repurchase, if applicable, and any restrictions on NiSource's ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- voting rights, if any;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material or special United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend or liquidation rights;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend or liquidation rights; and
- any other material specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

The terms, if any, on which the preferred stock may be exchanged for or converted into shares of common stock or any other security and, if applicable, the conversion or exchange price, or how it will be calculated, and the conversion or exchange period will be set forth in the applicable prospectus supplement.

The preferred stock or any series of preferred stock may be represented, in whole or in part, by one or more global certificates, which will have an aggregate liquidation preference equal to that of the preferred stock represented by the global certificate.

Each global certificate will:

- be registered in the name of a depositary or a nominee of the depositary identified in the prospectus supplement;

- be deposited with such depositary or nominee or a custodian for the depositary; and
- bear a legend regarding the restrictions on exchanges and registration of transfer and any other matters as may be provided for under the certificate of designation.

DESCRIPTION OF THE DEBT SECURITIES

NiSource Finance may issue the debt securities, in one or more series, from time to time under an Indenture, dated as of November 14, 2000, among NiSource Finance, NiSource, as guarantor, and The Chase Manhattan Bank, as trustee. The Chase Manhattan Bank, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have filed a copy of the Indenture as an exhibit to the registration statement of which this prospectus forms a part.

This section briefly summarizes some of the terms of the debt securities and the Indenture. This section does not contain a complete description of the debt securities or the Indenture. The description of the debt securities is qualified in its entirety by the provisions of the Indenture. References to section numbers in this description of the debt securities, unless otherwise indicated, are references to section numbers of the Indenture.

General

The Indenture does not limit the amount of debt securities that may be issued. The Indenture provides for the issuance of debt securities from time to time in one or more series. The terms of each series of debt securities may be established in a supplemental indenture or in resolutions of NiSource Finance's Board of Directors or a committee of the board.

The debt securities:

- are direct senior unsecured obligations of NiSource Finance;
- are equal in right of payment to any other senior unsecured obligations of NiSource Finance; and
- are guaranteed on a senior unsecured basis by NiSource.

NiSource Finance is a special purpose financing subsidiary formed solely as a financing vehicle for NiSource and its subsidiaries. Therefore, the ability of NiSource Finance to pay its obligations under the debt securities is dependent upon the receipt by it of payments from NiSource. If NiSource were not to make such payments for any reason, the holders of the debt securities would have to rely on the enforcement of NiSource's guarantee described below.

If NiSource Finance uses this prospectus to offer debt securities, an accompanying prospectus supplement will describe the following terms of the debt securities being offered, to the extent applicable:

- the title;
- any limit on the aggregate principal amount;
- the date or dates on which NiSource Finance will pay principal;
- the right, if any, to extend the date or dates on which NiSource Finance will pay principal;
- the interest rates or the method of determining them and the date interest begins to accrue;
- the interest payment dates and the regular record dates for any interest payment dates;
- the right, if any, to extend the interest payment periods and the duration of any extension;
- the place or places where NiSource Finance will pay principal and interest;
- the terms and conditions of any optional redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;
- the terms and conditions of any optional purchase or repayment, including the date after which, and the price or prices at which, holders may require NiSource Finance to purchase, or a third party may require holders to sell, securities;

- the terms and conditions of any mandatory or optional sinking fund redemption, including the date after which, and the price or prices at which, NiSource Finance may redeem securities;

- whether bearer securities will be issued;

- the denominations in which NiSource Finance will issue securities;

- the currency or currencies in which NiSource Finance will pay principal and interest;

- any index or indices used to determine the amount of payments;

- the portion of principal payable on declaration of acceleration of maturity;

- any additional events of default or covenants of NiSource Finance or NiSource applicable to the debt securities;

- whether NiSource Finance will pay additional amounts in respect of taxes and similar charges on debt securities held by a United States alien and whether NiSource Finance may redeem those debt securities rather than pay additional amounts;

- whether NiSource Finance will issue the debt securities in whole or in part in global form and, in such case, the depositary for such global securities and the circumstances under which beneficial owners of interests in the global security may exchange such interest for securities;

- the date or dates after which holders may convert the securities into shares of NiSource common stock or preferred stock and the terms for that conversion; and

- any other terms of the securities.

The Indenture does not give holders of debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance or NiSource to incur indebtedness or to declare or pay dividends on its capital stock.

Guarantee of NiSource

NiSource will fully and unconditionally guarantee to each holder of debt securities and to the indenture trustee and its successors all the obligations of NiSource Finance under the debt securities, including the due and punctual payment of the principal of, and premium, if any, and interest, if any, on the debt securities. The guarantee applies whether the payment is due at maturity, on an interest payment date or as a result of acceleration, redemption or otherwise. The guarantee includes payment of interest on the overdue principal of and interest, if any, on the debt securities (if lawful) and all other obligations of NiSource Finance under the Indenture. The guarantee will remain valid even if the Indenture is found to be invalid. NiSource is obligated under the guarantee to pay any guaranteed amount immediately after NiSource Finance's failure to do so.

NiSource is a holding company with no independent business operations or source of income of its own. It conducts substantially all of its operations through its subsidiaries and, as a result, NiSource depends on the earnings and cash flow of, and dividends or distributions from, its subsidiaries to provide the funds necessary to meet its debt and contractual obligations. A substantial portion of NiSource's consolidated assets, earnings and cash flow is derived from the operation of its regulated utility subsidiaries, whose legal authority to pay dividends or make other distributions to NiSource is subject to regulation. Northern Indiana Public Service Company's debt indenture also provides that Northern Indiana will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits. Furthermore, as long as any shares of Northern Indiana's cumulative preferred stock are outstanding, Northern Indiana may not declare or pay cash dividends on its common shares in excess of 75% of its net income, provided that Northern Indiana may declare and pay cash dividends if the sum of (1) Northern Indiana's capital applicable to stock junior to the cumulative preferred stock plus (2) the surplus, after giving effect to such dividends, is at least 25% of the sum of (a) all of Northern Indiana's obligations under any outstanding bonds, notes, debentures or other securities plus (b) Northern Indiana's total capital and surplus. Future dividends will depend upon adequate retained earnings, adequate future earnings and the absence of adverse developments. In addition, NiSource is registered as a holding company under the Public Utility Holding Company Act of 1935. As a result, the corporate and financial activities of NiSource and each of its subsidiaries (including their ability to pay dividends to NiSource) are subject to regulation by the SEC.

NiSource's holding company status also means that its right to participate in any distribution of the assets of any of its subsidiaries upon liquidation, reorganization or otherwise is subject to the prior claims of the creditors of each of the subsidiaries (except to the extent that the claims of NiSource itself as a creditor of a subsidiary may be recognized). Since this is true for NiSource, it is also true for the creditors of NiSource (including the holders of the debt securities).

Conversion Rights

The terms, if any, on which a series of debt securities may be exchanged for or converted into shares of common stock or preferred stock of NiSource will be set forth in the applicable prospectus supplement.

Denomination, Registration and Transfer

NiSource Finance may issue the debt securities as registered securities in certificated form or as global securities as described under the heading "Book-Entry Issuance." Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue registered debt securities in denominations of $1,000 or integral multiples of $1,000. (See Section 302.)

If NiSource Finance issues the debt securities as registered securities, NiSource Finance will keep at one of its offices or agencies a register in which it will provide for the registration and transfer of the debt securities. NiSource Finance will appoint that office or agency the security registrar for the purpose of registering and transferring the debt securities.

The holder of any registered debt security may exchange the debt security for registered debt securities of the same series having the same stated maturity date and original issue date, in any authorized denominations, in like tenor and in the same aggregate principal amount. The holder may exchange those debt securities by surrendering them in a place of payment maintained for this purpose at the office or agency NiSource Finance has appointed securities registrar. Holders may present the debt securities for exchange or registration of transfer, duly endorsed or accompanied by a duly executed written instrument of transfer satisfactory to NiSource Finance and the securities registrar. No service charge will apply to any exchange or registration of transfer, but NiSource Finance may require payment of any taxes and other governmental charges as described in the Indenture. (See Section 305.)

If debt securities of any series are redeemed, NiSource Finance will not be required to issue, register transfer of or exchange any debt securities of that series during the 15 business day period immediately preceding the day the relevant notice of redemption is given. That notice will identify the serial numbers of the debt securities being redeemed. After notice is given, NiSource Finance will not be required to issue, register the transfer of or exchange any debt securities that have been selected to be either partially or fully redeemed, except the unredeemed portion of any debt security being partially redeemed. (See Section 305.)

Payment and Paying Agents

Unless otherwise indicated in the applicable prospectus supplement, on each interest payment date, NiSource Finance will pay interest on each debt security to the person in whose name that debt security is registered as of the close of business on the record date relating to that interest payment date. If NiSource

Finance defaults in the payment of interest on any debt security, it may pay that defaulted interest to the registered owner of that debt security:

- as of the close of business on a date that the indenture trustee selects, which may not be more than 15 days or less than 10 days before the date NiSource Finance proposes to pay the defaulted interest, or

- in any other lawful manner that does not violate the requirements of any securities exchange on which that debt security is listed and that the indenture trustee believes is acceptable.

(See Section 307.)

Unless otherwise indicated in the applicable prospectus supplement, NiSource Finance will pay the principal of and any premium or interest on the debt securities when they are presented at the office of the indenture trustee, as paying agent. NiSource Finance may change the place of payment on the debt securities, appoint one or more additional paying agents, and remove any paying agent.

Redemption

The applicable prospectus supplement will contain the specific terms on which NiSource Finance may redeem a series of debt securities prior to its stated maturity. NiSource Finance will send a notice of redemption to holders at least 30 days but not more than 60 days prior to the redemption date. The notice will state:

- the redemption date;

- the redemption price;

- if less than all of the debt securities of the series are being redeemed, the particular debt securities to be redeemed (and the principal amounts, in the case of a partial redemption);

- that on the redemption date, the redemption price will become due and payable and any applicable interest will cease to accrue on and after that date;

- the place or places of payment; and

- whether the redemption is for a sinking fund.

(See Section 1104.)

On or before any redemption date, NiSource Finance will deposit an amount of money with the indenture trustee or with a paying agent sufficient to pay the redemption price. (See Section 1105.)

If NiSource Finance is redeeming less than all the debt securities, the indenture trustee will select the debt securities to be redeemed using a method it considers fair and appropriate. After the redemption date, holders of redeemed debt securities will have no rights with respect to the debt securities except the right to receive the redemption price and any unpaid interest to the redemption date. (See Section 1103.)

Consolidation, Merger, Conveyance, Transfer or Lease

Neither NiSource Finance nor NiSource shall consolidate or merge with any other corporation or convey, transfer or lease substantially all of its assets or properties to any entity unless:

- that corporation or entity is organized under the laws of the United States or any state thereof;
- that corporation or entity assumes NiSource Finance's or NiSource's obligations, as applicable, under the Indenture;

- after giving effect to the transaction, NiSource Finance and NiSource are not in default under the Indenture; and

- NiSource Finance or NiSource, as applicable, delivers to the indenture trustee an officer's certificate and an opinion of counsel to the effect that the transaction complies with the Indenture.

(See Section 801.)

The Indenture does not give holders of the debt securities protection in the event of a highly leveraged transaction or other transaction involving NiSource Finance or NiSource. The Indenture also does not limit the ability of NiSource Finance to incur indebtedness or to declare or pay dividends on its capital stock.

Limitation on Liens

As long as any debt securities remain outstanding, neither NiSource Finance, NiSource nor any subsidiary of NiSource other than a utility may issue, assume or guarantee any debt secured by any mortgage, security interest, pledge, lien or other encumbrance on any property owned by NiSource Finance, NiSource or that subsidiary, except intercompany indebtedness, without also securing the debt securities equally and ratably with (or prior to) the new debt, unless the total amount of all of the secured debt would not exceed 10% of the consolidated net tangible assets of NiSource and its subsidiaries (other than utilities).

In addition, the lien limitations do not apply to NiSource Finance's, NiSource's and any subsidiary's ability to do the following:

- create mortgages on any property and on certain improvements and accessions on such property acquired, constructed or improved after the date of the Indenture;

- assume existing mortgages on any property or indebtedness of an entity which is merged with or into, or consolidated with NiSource Finance, NiSource and any subsidiary;

- assume existing mortgages on any property or indebtedness of an entity existing at the time it becomes a subsidiary;

- create mortgages to secure debt of a subsidiary to NiSource or to another subsidiary;

- create mortgages in favor of governmental entities to secure payment under a contract or statute or mortgages to secure the financing of constructing or improving property, including mortgages for pollution control or industrial revenue bonds;

- create mortgages to secure debt of NiSource or its subsidiaries maturing within 12 months and created in the ordinary course of business;

- create mortgages to secure the cost of exploration, drilling or development of natural gas, oil or other mineral property;

- to continue mortgages existing on the date of the Indenture; and

- create mortgages to extend, renew or replace indebtedness secured by any mortgage referred to above provided that the principal amount of indebtedness and the property securing the indebtedness shall not exceed the amount secured by the mortgage being extended, renewed or replaced.

(See Section 1008.)

Events of Default

The Indenture provides, with respect to any outstanding series of debt securities, that any of the following events constitutes an "Event of Default":

- NiSource Finance defaults in the payment of any interest upon any debt security of that series that becomes due and payable and the default continues for 60 days;

- NiSource Finance defaults in the payment of principal of or any premium on any debt security of that series when due at its maturity, on redemption, by declaration or otherwise and the default continues for three business days;

- NiSource Finance defaults in the deposit of any sinking fund payment when due and the default continues for three business days;

- NiSource Finance or NiSource defaults in the performance of or breaches any covenant or warranty in the Indenture for 90 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;

- NiSource Finance or NiSource Capital Markets defaults under any bond, debenture, note or other evidence of indebtedness for money borrowed by NiSource Finance or NiSource Capital Markets, or NiSource Finance or NiSource Capital Markets defaults under any mortgage, indenture or instrument under which there may be issued, secured or evidenced indebtedness constituting a failure to pay in excess of $50,000,000 of the principal or interest when due and payable, and in the event such debt has become due as the result of an acceleration, such acceleration is not rescinded or annulled or such debt is not paid within 60 days after written notice to NiSource Finance and NiSource from the indenture trustee or to NiSource Finance, NiSource and the indenture trustee from the holders of at least 33% of the outstanding debt securities of that series;

- the NiSource guarantee ceases to be in full force and effect in any material respect or is disaffirmed or denied (other than according to its terms), or is found to be unenforceable or invalid; or

- certain events of bankruptcy, insolvency or reorganization of NiSource Finance, NiSource Capital Markets or NiSource.

(See Section 501.)

If an Event of Default occurs with respect to debt securities of a particular series, the indenture trustee or the holders of 33% in principal amount of the outstanding debt securities of that series may declare the debt securities of that series due and payable immediately. (See Section 502.)

The holders of a majority in principal amount of the outstanding debt securities of a particular series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the indenture trustee under the Indenture, or exercising any trust or power conferred on the indenture trustee with respect to the debt securities of that series. The indenture trustee may refuse to follow directions that are in conflict with law or the Indenture, that expose the indenture trustee to personal liability or that are unduly prejudicial to other holders. The indenture trustee may take any other action it deems proper that is not inconsistent with those directions. (See Section 512.)

The holders of a majority in principal amount of the outstanding debt securities of any series may waive any past default under the Indenture and its consequences, except a default:

- in respect of a payment of principal of, or premium, if any, or interest on any debt security; or

- in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected debt security.

(See Section 513.)

At any time after the holders of the debt securities of a series declare that the debt securities of that series are due and immediately payable, a majority in principal amount of the outstanding holders of debt securities of that series may rescind and cancel the declaration and its consequences: (1) before the indenture trustee has obtained a judgment or decree for money, (2) if all defaults (other than the non-payment of principal which have become due solely by the declaration) have been waived or cured, and (3) NiSource or NiSource Finance has paid or deposited with the indenture trustee an amount sufficient to pay:

- all overdue interest on the debt securities of that series;
- the principal of, and premium, if any, or interest on any debt securities of that series which are due other than by the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due the indenture trustee under the Indenture.

(See Section 502.)

Modification of Indenture

NiSource Finance, NiSource and the indenture trustee may modify or amend the Indenture, without the consent of the holders of any debt securities, for any of the following purposes:

- to evidence the succession of another person as obligor under the Indenture;
- to add to NiSource Finance's or NiSource's covenants or to surrender any right or power conferred on NiSource Finance or NiSource under the Indenture;
- to add events of default;
- to add or change any provisions of the Indenture to provide that bearer securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal or premium on registered securities or of principal or premium or any interest on bearer securities, to permit registered securities to be exchanged for bearer securities or to permit the issuance of securities in uncertificated form (so long as the modification or amendment does not materially adversely affect the interest of the holders of debt securities of any series);
- to change or eliminate any provisions of the Indenture (so long as there are no

outstanding debt securities entitled to the benefit of the provision);

- to secure the debt securities;
- to establish the form or terms of debt securities of any series;
- to evidence or provide for the acceptance or appointment by a successor indenture trustee or facilitate the administration of the trusts under the Indenture by more than one indenture trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture (so long as the cure or modification does not materially adversely affect the interest of the holders of debt securities of any series);
- to effect assumption by NiSource or one of its subsidiaries of NiSource Finance's obligations under the Indenture; or
- to conform the Indenture to any amendment of the Trust Indenture Act.

(See Section 901.)

The Indenture provides that we and the indenture trustee may amend the Indenture or the debt securities with the consent of the holders of a majority in principal amount of the then outstanding debt securities of each series affected by the amendment voting as one class. However, without the consent of each holder of any outstanding debt securities affected, an amendment or modification may not, among other things:

- change the stated maturity of the principal or interest on any debt security;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;
- change the method of calculating the rate of interest on any debt security;
- change any obligation of NiSource Finance to pay additional amounts in respect of any debt security;
- reduce the principal amount of a discount security that would be payable upon acceleration of its maturity;
- change the place or currency of payment of principal of, or any premium or interest on, any debt security;
- impair a holder's right to institute suit for the enforcement of any payment after the stated maturity or after any redemption date or repayment date;
- reduce the percentage of holders of debt securities necessary to modify or amend the Indenture or to consent to any waiver under the Indenture;
- change any obligation of NiSource Finance to maintain an office or agency in each place of payment or to maintain an office or agency outside the United States;
- modify the obligations of NiSource under its guarantee in any way adverse to the interests of the holders of the debt securities; and
- modify these requirements or reduce the percentage of holders of debt securities necessary to waive any past default of certain covenants.

(See Section 902.)

Satisfaction and Discharge

Under the Indenture, NiSource Finance can terminate its obligations with respect to debt securities of any series not previously delivered to the indenture trustee for cancellation when those debt securities:

- have become due and payable;

- will become due and payable at their stated maturity within one year; or
- are to be called for redemption within one year under arrangements satisfactory to the indenture trustee for giving notice of redemption.

NiSource Finance may terminate its obligations with respect to the debt securities of that series by depositing with the indenture trustee, as trust funds in trust dedicated solely for that purpose, an amount sufficient to pay and discharge the entire indebtedness on the debt securities of that series. In that case, the Indenture will cease to be of further effect and NiSource Finance's obligations will be satisfied and discharged with respect to that series (except as to NiSource Finance's obligations to pay all other amounts due under the Indenture and to provide certain officers' certificates and opinions of counsel to the indenture trustee). At the expense of NiSource Finance, the indenture trustee will execute proper instruments acknowledging the satisfaction and discharge. (See Section 401.)

Book-Entry Issuance

Unless otherwise specified in the applicable prospectus supplement, NiSource Finance will issue any debt securities offered under this prospectus as "global securities." We will describe the specific terms for issuing any debt security as a global security in the prospectus supplement relating to that debt security.

Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company, or DTC, will act as the depositary for any global securities. NiSource Finance will issue global securities as fully registered securities registered in the name of DTC's nominee, Cede & Co. NiSource Finance will issue one or more fully registered global securities for each issue of debt securities, each in the aggregate principal or stated amount of such issue, and will deposit the global securities with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC's direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies, that clear through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under DTC's system must be made by or through a direct participant, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security — the beneficial owner — is in turn recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchases, but they should receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the participants through which they entered into the transactions. Transfers of ownership interest in the securities are accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all global securities that are deposited with, or on behalf of, DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of global securities with, or on behalf of, DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the global securities. Under its usual procedures, DTC will mail an omnibus proxy to NiSource Finance as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and any premium, interest or other payments on the global securities will be made to Cede & Co., as nominee of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on that date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the participant and not of DTC, NiSource Finance, NiSource or the indenture trustee, subject to any statutory or regulatory requirements in effect at the time. Payment of redemption payments, principal and any premium, interest or other payments to DTC is the responsibility of NiSource Finance and the applicable paying agent, disbursement of payments to direct participants will be the responsibility of DTC, and disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

If applicable, redemption notices will be sent to Cede & Co. If less than all of the debt securities of like tenor and terms are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner electing to have its interest in a global security repaid by NiSource Finance will give any required notice through its participant and will effect delivery of its interest by causing the direct participant to transfer the participant's interest in the global securities on DTC's records to the appropriate party. The requirement for physical delivery in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global securities are transferred on DTC's records.

DTC may discontinue providing its services as securities depositary with respect to the global securities at any time by giving reasonable notice to NiSource Finance or the indenture trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificates for the securities are required to be printed and delivered.

NiSource Finance may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In that event, certificates for the securities will be printed and delivered.

We have provided the foregoing information with respect to DTC to the financial community for information purposes only. We do not intend the information to serve as a representation, warranty or contract modification of any kind. We have received the information in this section concerning DTC and DTC's system from sources that we believe to be reliable, but we take no responsibility for the accuracy of this information.

Governing Law

The Indenture and the debt securities are governed by the internal laws of the State of New York.

Information Concerning the Indenture Trustee

Prior to default, the indenture trustee will perform only those duties specifically set forth in the Indenture. After default, the indenture trustee will exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. The indenture trustee is under no obligation to exercise any of the powers vested in it by the Indenture at the request of any holder of debt securities unless the holder offers the indenture trustee reasonable indemnity against the costs, expenses and liability that the indenture trustee might incur in exercising those powers. The indenture trustee is not required to expend or risk its own funds or otherwise incur personal financial liability in the performance of its duties if it reasonably believes that it may not receive repayment or adequate indemnity. (See Section 601.)

The indenture trustee, The Chase Manhattan Bank, is also the indenture trustee for NiSource Capital Markets' senior and subordinated debt indentures and the indenture governing the debenture portion of NiSource's Stock Appreciation Income Linked Securities ("SAILS"). The Chase Manhattan Bank is the property trustee, and Chase Manhattan Bank Delaware is the Delaware trustee, for the preferred securities included in NiSource's Premium Income Equity Securities ("PIES℠"). The Chase Manhattan Bank is the purchase contract agent and collateral agent for the NiSource PIES and SAILS. The Chase Manhattan Bank also lends to Columbia Energy Group and extends a letter of credit facility to NiSource Capital Markets. ChaseMellon Shareholder Services, L.L.C., an affiliate of The Chase Manhattan Bank, is the transfer agent and registrar for the common stock, the rights agent for NiSource's preferred stock purchase rights and the exchange agent for the merger in connection with NiSource's acquisition of Columbia.

PLAN OF DISTRIBUTION

We may sell the securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. The prospectus supplement with respect to any offering of securities will describe the specific terms of the securities being offered, including:

- the name or names of any underwriters, dealers or agents;
- the purchase price of the securities and the proceeds to NiSource or NiSource Finance from the sale;
- any underwriting discounts and commissions or agency fees and other items constituting underwriters' or agents' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange on which the offered securities may be listed.

Through Underwriters. If we use underwriters in the sale of the securities, the underwriters will acquire the offered securities for their own account. We will execute an underwriting agreement with an underwriter or underwriters once an agreement for sale of the securities is reached. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriters may sell the offered securities directly or through underwriting syndicates represented by managing underwriters. Unless otherwise stated in the prospectus supplement relating to offered securities, the obligations of the underwriters to purchase those offered securities will be subject to certain conditions, and the underwriters will be obligated to purchase all of those offered securities if they purchase any of them.

Through Dealers. If we use a dealer to sell the securities, we will sell the offered securities to the dealer as principal. The dealer may then resell those offered securities at varying prices determined at the time of resale. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

Through Agents. If we use agents in the sale of securities, we may designate one or more agents to sell offered securities. Unless otherwise stated in a prospectus supplement, the agents will agree to use their best efforts to solicit purchases for the period of their appointment.

Directly to Purchasers. We may sell the offered securities directly to one or more purchasers. In this case, no underwriters, dealers or agents would be involved. We will describe the terms of our direct sales in our prospectus supplement.

General Information. A prospectus supplement will state the name of any underwriter, dealer or agent and the amount of any compensation, underwriting discounts or concessions paid, allowed or reallowed to them. A prospectus supplement will also state the proceeds to us from the sale of offered securities, any initial public offering price and other terms of the offering of those offered securities.

Our agents, underwriters and dealers, or their affiliates, may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase offered securities from us at the public offering price and on terms described in the related prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in our prospectus supplement and will tell you when we will demand payment and delivery of the securities. The delayed delivery contracts will be subject only to the conditions we set forth in our prospectus supplement.

We may enter into agreements to indemnify agents, underwriters and dealers against certain civil liabilities, including liabilities under the Securities Act of 1933.

LEGAL OPINIONS

Schiff Hardin & Waite, Chicago, Illinois, will pass upon the validity of the securities offered by this prospectus for us. The opinions with respect to the securities may be subject to assumptions regarding future action to be taken by us and the trustee, if applicable, in connection with the issuance and sale of the securities, the specific terms of the securities and other matters that may affect the validity of securities but that cannot be ascertained on the date of those opinions. Peter V. Fazio, Jr., a partner of the firm who also serves as general counsel of NiSource, holds approximately 11,400 shares of NiSource common stock.

EXPERTS

The consolidated financial statements and schedules of NiSource Inc. (incorporated in Indiana) and the consolidated financial statements of Columbia Energy Group incorporated by reference herein have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

Prospectus Supplement

to Prospectus dated November 20, 2000

NiSource Finance Corp.

Unconditionally Guaranteed

by NiSource Inc.

$345,000,000

6.15% Notes due 2013

Deutsche Bank Securities

February 13, 2003

2007-00008 AG Set 1-0096
Attachment K
Stock Issued

	2004	**2005**	**2006**
Options Exercised	817,017	1,897,206	1,007,415
Weighted Average Option Price	$18.88	$20.32	$21.11
Value of Exercised Options	$15,425,281	$38,551,226	$21,266,531

NiSource SAILS mature

Company successfully remarkets debentures

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) has successfully remarketed approximately $80.6 million of the senior debentures included in its Stock Appreciation Income Linked Securities (SAILS)* in anticipation of the settlement on Nov. 1, 2004, of the forward equity agreements included in the SAILS. NiSource originally issued the SAILS in connection with the November 2000 merger with Columbia Energy Group.

NiSource will issue approximately 6.8 million shares of common stock on Nov. 1, 2004, as a result of the settlement of the forward equity agreements included in the SAILS. The 30-day average market price of $21.1967 was used to determine the settlement rate of 0.1227 shares of NiSource common stock per SAILS unit. Only full shares of common stock will be issued, and fractional shares will be settled in cash using the value determined above.

NiSource will receive $144.4 million in satisfaction of the SAILS holders' obligation under the forward equity agreements and will use the proceeds to pay down short-term borrowings.

As a result of the remarketing, the interest rate on the underlying debentures, due Nov. 1, 2006, has been reset to 3.628 percent. A copy of the prospectus relating to the remarketed debentures may be obtained from Credit Suisse First Boston, Prospectus Department, 11 Madison Ave., New York, N.Y., 10010-3629 (telephone number 212-325-2580).

A registration statement relating to the remarketed debentures was declared effective by the Securities and Exchange Commission. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

*"SAILS(SM)" and "Stock Appreciation Income Linked Securities(SM)" are service marks of Credit Suisse First Boston LLC.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 holding company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.7 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com.

Forward-Looking Statements

This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource Inc. and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Investors are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, dealings with third parties over whom NiSource has no control, the regulatory process, regulatory and legislative changes, changes in general economic, capital and commodity market conditions, and counter-party credit risk.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 97

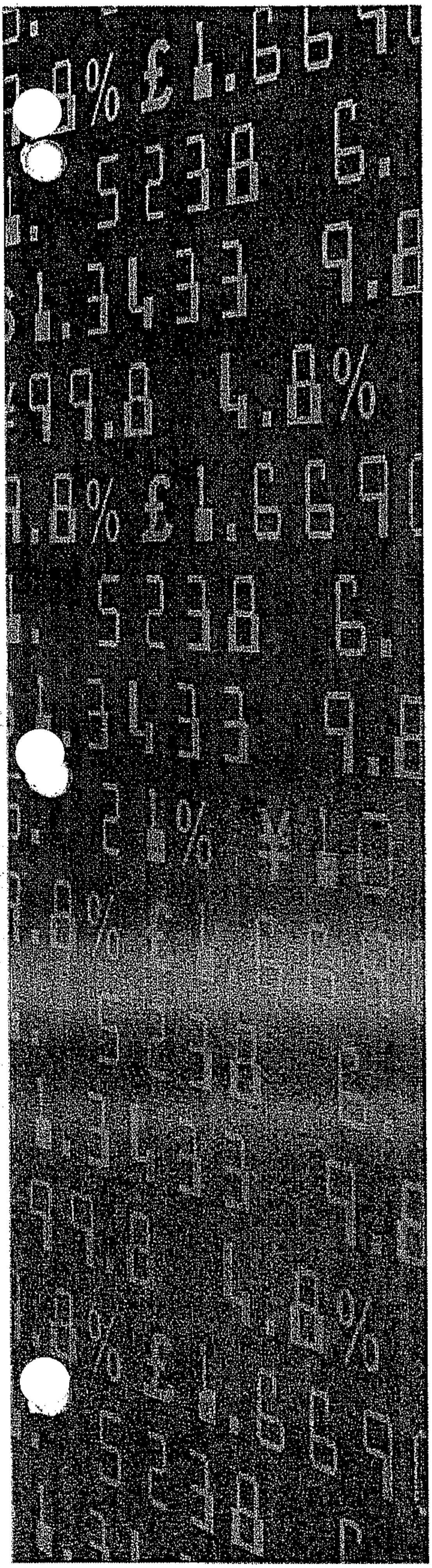
The questions in this section refer to the testimony of Paul R. Moul:

With reference to page 42, lines 10-19, Attachment PRM-8, and Appendices H and G, please provide (1) copies of the current Blue Chip Financial Forecasts, and (2) all data, work papers, and source documents used in computing the yield spread of 1.0%. Please provide the data in hard copy and electronic formats (Microsoft Excel), with all data and equations left intact.

Response of Columbia Gas of Kentucky:

(1) A copy of the October 1, 2006 Blue Chip Financial Forecast is attached.

(2) The spread in the yield between A-rated public utility bonds and Treasury bonds is provided on pages 3, 4, and 5 of Attachment PRM-11. An electronic copy of page 5 is attached.



Aspen Publishers

BLUE CHIP FINANCIAL FORECASTS

Top Analysts Forecasts Of U.S. And Foreign Interest Rates, Currency Values And The Factors That Influence Them.

Vol. 25, No. 10
October 1, 2006

Wolters Kluwer
Law & Business

BLUE CHIP FINANCIAL FORECASTS

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V.P., Circulation: Gerry Centrowitz
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Blue Chip Financial Forecasts (ISSN: 0741-8345) is published monthly by Aspen Publishers, 76 Ninth Avenue, New York, NY 10011. Printed in the U.S.A.

Subscriptions: $729 per year for print or e-mail delivery of 12 monthly issues. $869 per year for both print and e-mail delivery of 12 monthly issues. For multiple-copy rates and site-license agreements call Terry Watkins toll free at 866-873-9156, or contact her at *terry.watkins@wolterskluwer.com*

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FOMC Now Widely Expected To Ease In First Half Of 2007

Domestic Commentary Treasury yields continued to fall over the past month, and with them, expectations of any additional tightening by the Federal Open Market Committee (FOMC). Based on our September 25th-26th survey, only a quarter of our panelists now predict the next change in the FOMC's target federal funds rate will be an increase. Of the 75% that think the next move by the FOMC will be a reduction in interest rates, 45.7% believe it will occur in Q1 of next year and almost 86% predict a cut will come by the end of Q2 2007 *(see page 14)*. The views of our panelists roughly mirror prices in the federal funds rate futures market that puts the odds of a rate cut by the end of Q1 2007 at about 50/50.

Since its peak on June 28th, the day before the FOMC's last rate hike, the constant maturity 10-year Treasury yield has dropped about 65 basis points to a seven-month low. In the process, the price of the on-the-run 10-year note blew through its 200-day moving average as its yield plunged to just north of the psychological barrier of 4.5% for a brief time. Constant maturity 2-year and 5-year yields have fallen by almost exactly the same amount, leaving the entire coupon curve some 65 basis points below the target federal funds rate, and clearly reflecting market expectations that the FOMC is destined to ease at some point in the not too distant future. Yields have since backed up a little on dealer worries that the market has become overbought and a lessening in hedging activity by holders of mortgage-backed paper.

Helping propel Treasury prices higher in September were a series of economic reports that left most economists scrambling to further reduce their already below-trend estimates real GDP growth over the next few quarters. The trade deficit expanded sharply in July versus expectations of a small decline, upping analysts' expectations of Q3's net export deficit and its drag on overall GDP growth. Total retail sales managed to register a small 0.2% increase in August versus expectations of a small decline. However, sales minus the automotive component, sales at gasoline stations and sales at building supply stores, which generally conform to reported growth in personal consumption expenditures (PCE), were soft. Confirming that, real PCE was later reported to have fallen by 0.1% in August. That was the first decline since last September and left real PCE growing at a weaker than expected rate of 2.7% through the first two-thirds of Q3. Total industrial production fell 0.1% in August while factory production was unchanged. Moreover, the Philadelphia Fed's September manufacturing survey registered a plunge into negative territory for the first time since April 2003. September manufacturing surveys from the New York and Richmond Fed banks, however, did not reflect similar weakness.

The housing and automotive sectors look to be particular drags on growth in the second half of this year. Housing starts fell to a three-year low in August, and previously reported declines in the prior two months were revised lower. Moreover, permits in August dropped to a four-year low. Adding to worries about the housing sector, existing home sales fell again in August and the year-over-year (y/y) change in median home prices contracted by 1.7%, the first negative reading since 1995. While new home sales bucked expectations by rising in August, downward revisions to sales in prior months left the level of August sales very near the consensus forecast. And, like existing home prices, the y/y change in median new home prices turned negative (-1.3%) in August, the first such occurrence since December.

Business inventories added 0.44 of a percentage point to the rate of real GDP growth in Q2 but will likely subtract from the rate of growth in Q3, and do so again in Q4 but by a lesser degree. New orders for durable goods fell in both August and July, the first back-to-back declines since May 2004. Shipments of non-defense capital goods, however, a proxy for capital spending, rose 0.9% in August and 0.7% in July, leaving them growing at a solid annualized rate of about 9%, but that was somewhat slower than some analysts had anticipated going into the report.

Combined, these reports served to produce a drop in this month's consensus forecast of Q3 real GDP growth to 2.3% while the forecast of Q4's growth rate slipped to 2.5%. The consensus forecast of growth in the first half of next year also fell this month but estimates of growth in the second half of 2007 went unchanged. Real GDP is now predicted to grow at a 2.6% clip in Q1 and Q2 of 2007 and at a 2.9% rate in Q3 and 3.0% rate in Q4 of next year.

Easing inflation concerns, due in part to falling energy prices, also continued to buoy Treasury prices. The September inflation reports will reveal large declines in gasoline, home heating oil and natural gas prices, likely producing an outright decline in the Consumer Price Index (CPI) and a sharp pull-back in the y/y change from the August rate of 3.8%. Indeed, as last September's Katrina-induced spike of 1.2% drops out, the y/y change in the CPI may fall below the y/y rate in the core CPI for the first time in four years. Less likely is any near-term pull-back in the core inflation figures. The y/y change in the core CPI rose to 2.8% in August and may hit 3.0% in September or October, the highest level in more than a decade. The y/y change in the core price index for PCE, the FOMC's preferred measure of inflation, rose to 2.5% in August, the fastest pace in 11 years. However, if the elevated level of core inflation continues to in large part result from above-trend increases in owners' equivalent rent (OER), lingering inflation concerns among market participants and the FOMC are likely to dissipate over time.

The FOMC meeting on September 20th was essentially a non-event for the Treasury market due to the run of softer than expected economic data and continuing drop in energy prices. While policymakers retained their asymmetric bias toward tightening, markets shrugged off the threat. However, the FOMC may ultimately prove to be more reticent about easing than the markets now predict if falling energy prices reinvigorate consumer spending, the drop in bond yields begins to stabilize housing demand and a weakening dollar boosts exports. A strong stock market, narrow credit spreads and surging commercial lending also argue against an early move to ease policy by the FOMC. Most importantly, unless and until below-trend economic growth begins to produce a more significant slackening in the labor markets conditions, policymakers are likely to remain on guard against inflationary pressures. As such, many economists think the sharp drop in yields over the past three months may have left Treasuries vulnerable to data that suggests growth remains at or above its tend rate and commentary from Fed officials that hints of lingering inflation concerns.

Consensus Forecast Following below-trend growth in Q2 2006 through Q2 2007, the pace of real GDP growth is expected to rebound to near its trend rate in the second half of next year as residential investment stabilizes and consumer spending improves. Falling energy prices likely ensures that the y/y change in headline consumer price inflation has peaked, but core inflation may remain elevated through the first half of next year, keeping Fed policymakers cautious about easing to soon. The trade-weighted value of the U.S. dollar is expected to continue its decline over the forecast horizon *(see page 2 for summary of this month's U.S. consensus forecasts)*.

Special Questions The consensus continued to predict the core CPI will register December-over-December growth of 2.8% in 2006 and 2.4% in 2007. About 68% of the panelists say 10-year Treasury yields will end 2007 higher than where they begin the year. Almost half of our panelists do not expect real residential investment to next register positive annualized growth until Q4 of next year or later. The consensus puts the odds of a recession in 2007 at 27.5%, a bit higher than last month's estimate of 26.5% *(see page 14 for details)*.

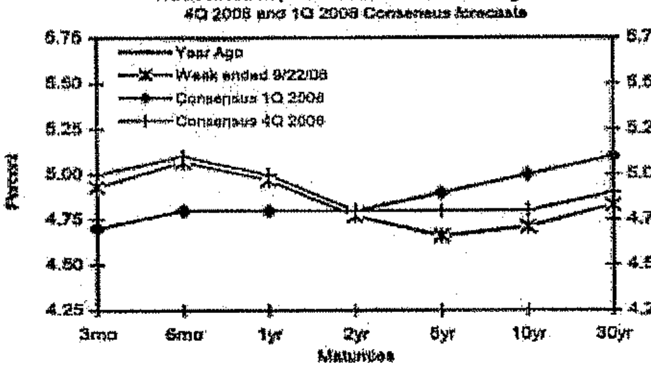
Consensus Forecasts Of U.S. Interest Rates And Key Assumptions[1]

	History								Consensus Forecasts-Quarterly Avg.					
	Average For Week Ending				Average For Month			Latest Q*	4Q	1Q	2Q	3Q	4Q	1Q
Interest Rates	Sep. 22	Sep. 15	Sep. 8	Sep. 1	Aug.	Jul.	Jun.	3Q 2006	2006	2007	2007	2007	2007	2008
Federal Funds Rate	5.24	5.23	5.25	5.25	5.25	5.24	4.99	5.24	5.3	5.2	5.1	5.0	4.9	4.9
Prime Rate	8.25	8.25	8.25	8.25	8.25	8.25	8.02	8.25	8.3	8.2	8.1	8.0	7.9	7.9
LIBOR, 3-mo.	5.37	5.39	5.39	5.40	5.42	5.49	5.40	5.43	5.4	5.3	5.2	5.1	5.0	5.0
Commercial Paper, 1-mo.	5.20	5.20	5.21	5.20	5.22	5.24	5.12	5.22	5.3	5.3	5.2	5.0	5.0	4.9
Treasury bill, 3-mo.	4.93	4.93	4.97	5.06	5.09	5.08	4.92	5.04	5.0	5.0	4.9	4.8	4.7	4.7
Treasury bill, 6-mo.	5.07	5.11	5.12	5.14	5.17	5.27	5.17	5.18	5.1	5.1	5.0	4.9	4.8	4.8
Treasury bill, 1 yr.	4.97	5.02	5.02	5.03	5.08	5.22	5.16	5.10	5.0	5.0	4.9	4.9	4.8	4.8
Treasury note, 2 yr.	4.77	4.83	4.81	4.83	4.90	5.12	5.12	4.94	4.8	4.9	4.9	4.8	4.8	4.8
Treasury note, 5 yr.	4.66	4.73	4.73	4.73	4.82	5.04	5.07	4.86	4.8	4.8	4.9	4.8	4.8	4.9
Treasury note, 10 yr.	4.71	4.79	4.79	4.76	4.88	5.09	5.11	4.91	4.8	4.9	4.9	4.9	4.9	5.0
Treasury note, 30 yr.	4.83	4.92	4.94	4.91	5.00	5.13	5.15	5.01	4.9	5.0	5.0	5.0	5.1	5.1
Corporate Aaa bond	5.49	5.58	5.59	5.57	5.68	5.85	5.89	5.69	5.7	5.8	5.9	5.9	5.9	6.0
Corporate Baa bond	6.40	6.49	6.52	6.50	6.59	6.76	6.78	6.61	6.6	6.7	6.8	6.8	6.8	6.9
State & Local bonds	4.21	4.30	4.34	4.30	4.39	4.61	4.60	4.43	4.4	4.5	4.6	4.6	4.7	4.7
Home mortgage rate	6.40	6.43	6.47	6.44	6.52	6.76	6.68	6.57	6.4	6.5	6.5	6.5	6.6	6.6
	History								Consensus Forecasts-Quarterly Avg.					
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	3Q*	4Q	1Q	2Q	3Q	4Q	1Q
Key Assumptions	2004	2004	2005	2005	2005	2005	2006	2006	2006	2007	2007	2007	2007	2008
Major Currency Index	81.9	81.3	83.5	84.7	85.8	84.9	82.2	81.7	81.0	80.2	79.6	79.6	79.6	79.5
Real GDP	2.6	3.4	3.3	4.2	1.8	5.6	2.6	2.3	2.5	2.6	2.6	2.9	3.0	3.1
GDP Price Index	3.2	3.5	2.4	3.3	3.3	3.3	3.3	2.7	2.3	2.6	2.4	2.3	2.2	2.3
Consumer Price Index	3.6	2.3	3.8	5.5	3.3	2.2	4.9	3.3	1.9	2.7	2.5	2.4	2.3	2.3

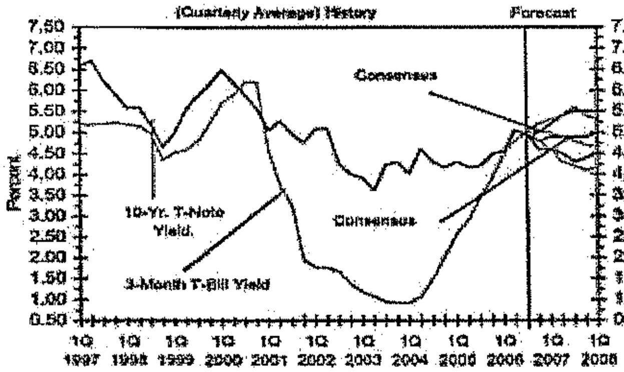
[1]Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Definitions reported here are same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the U.S. Federal Reserve Board's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS). ****Interest rate data for 3Q 2006 based on historic data through the week ended September 22. Data for 3Q 2006 Major Currency Index also is based on data through week ended September 22. Figures for 3Q 2006 Real GDP, GDP Chained Price Index and Consumer Price Index are consensus forecasts based on a special question asked of the panel members this month.***

U.S. Treasury Yield Curve

Week ended September 22, 2006 and Year Ago vs. 4Q 2006 and 1Q 2008 Consensus forecasts

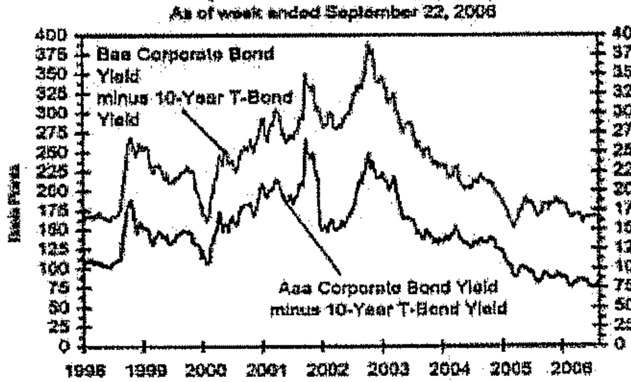


U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield



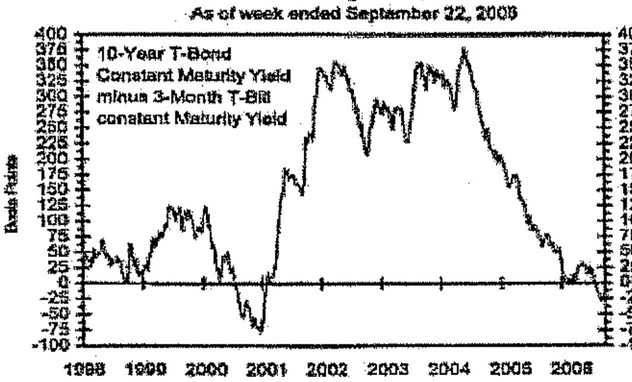
Corporate Bond Spreads

As of week ended September 22, 2006



U.S. Treasury Yield Curve

As of week ended September 22, 2006



3-Month Interest Rates[1]

	History: Latest:	Month Ago:	Year Ago:	Consensus Forecasts Months From Now: 3	6	12
U.S.	5.38	5.41	3.97	5.20	4.94	4.59
Japan	0.41	0.41	0.09	0.60	0.74	0.95
U.K.	5.06	4.94	4.56	5.09	5.04	4.86
Switzerland	1.78	1.66	0.75	2.03	2.27	2.32
Canada	4.28	4.31	3.00	4.32	4.08	4.06
Australia	6.11	6.01	5.58	6.22	6.18	5.83
Eurozone	3.41	3.28	2.16	3.59	3.73	3.64

10-Yr. Government Bond Yields[1]

	History: Latest:	Month Ago:	Year Ago:	Consensus Forecasts Months From Now: 3	6	12
U.S.	4.61	4.81	4.19	4.59	4.48	4.50
Germany	3.69	3.81	3.01	3.70	3.68	3.69
Japan	1.63	1.80	1.38	1.90	2.04	2.21
U.K.	4.50	4.55	4.18	4.60	4.55	4.49
France	3.70	3.81	3.06	3.71	3.43	3.44
Italy	3.96	4.09	3.22	3.94	3.91	3.13
Switzerland	2.39	2.53	1.79	2.48	2.40	2.38
Canada	4.01	4.20	3.86	4.02	3.97	3.95
Australia	5.54	5.72	5.15	5.62	5.55	5.57
Spain	3.69	3.80	3.00	3.70	3.68	3.69
Eurozone	3.76	3.89	3.06	3.73	3.72	3.73

Foreign Exchange Rates[1]

	History: Latest:	Month Ago:	Year Ago:	Consensus Forecasts Months From Now: 3	6	12
U.S.	81.42	81.37	84.00	79.2	78.2	78.6
Japan	116.45	116.38	111.63	111.5	108.8	106.0
U.K.	1.9012	1.8884	1.7917	1.91	1.95	1.93
Switzerland	1.2349	1.2381	1.2787	1.18	1.14	1.13
Canada	1.1171	1.110	1.1668	1.11	1.11	1.15
Australia	0.7513	0.7632	0.7633	0.77	0.77	0.76
Euro	1.2796	1.2760	1.2153	1.31	1.34	1.33

Consensus 3-Month Rates vs. U.S. Rate

	Now	In 12 Mo.
Japan	-4.97	-3.64
U.K.	-0.32	0.27
Switzerland	-3.60	-2.27
Canada	-1.10	-0.53
Australia	0.73	1.25
Eurozone	-1.97	-0.95

Consensus 10-Year Gov't Yields vs. U.S. Yield

	Now	In 12 Mo.
Germany	-0.92	-0.81
Japan	-2.98	-2.29
U.K.	-0.11	-0.01
France	-0.91	-1.06
Italy	-0.65	-1.38
Switzerland	-2.22	-2.12
Canada	-0.60	-0.55
Australia	0.93	1.07
Spain	-0.92	-0.81
Eurozone	-0.85	-0.77

Forecasts of individual panel members are on pages 10 and 11. Definitions of variables are as follows: [1]Three month currency interest rates. Government bonds are yields to maturity. Foreign exchange rate forecasts are currency per U.S. dollar except for U.K., Australia and the Euro, which are U.S. dollar equivalents. For the U.S dollar, forecasts are of the U.S. Federal Reserve Board's Major Currency Index.

International Commentary Sovereign bond yields continued to edge downward over the past month as markets reacted to plunging energy prices and growing expectations of slower global economic growth that combined will reduce inflationary pressures and bring an eventual halt to monetary tightening by central banks. Ten-year note yields in most major industrialized nations have fallen to seven-month lows producing inverted yield curve in the U.S., Canada, the U.K. and Australia. The slope of the yield curve remains positive in the Eurozone but is expected to flatten further in coming months as the European Central Bank (ECB) tightens further. With short-term rates still quite low, Japan continues to have the most positively sloped curve.

As expected, the ECB left rates unchanged at its August 31st meeting but continued to prepare markets for another 25 basis point increase in the repo rate to 3.25% at the October 5th meeting. The late August policy statement stressed that interest rates remained low, money and credit growth strong, liquidity ample and monetary policy accommodative. In regard to economic growth, the ECB noted that Q2 GDP growth "show a significant improvement in underlying economic activity and indicate that economic growth was strongly than previously projected" and that indicators hint that growth in Q3 would be around its potential rate. While the y/y change in harmonized inflation may dip below 2.0% in September due to the sharp drop in energy prices, underlying inflationary pressures continue to build and policymakers likely think inflation will bounce back and remain above the bank's 2.0% target later this year and next. In addition to the widely expected rate hike on October 5th, most analysts expect another quarter-point increase in December and further 25 basis point hike in Q1 2007 before the ECB halts its tightening campaign.

After surprising markets with a 25 basis point hike in the base rate to 4.75% on August 3rd, the Bank of England (BoE) unanimously voted to leave policy unchanged in early September and is widely expected to forego any change at the October 5th meeting. Minutes of the September meeting showed considerable uncertainly among policymakers but an inclination to focus more on inflationary risks rather than the potential for slower than expected economic growth. Of particular concern are worries that elevated energy prices over the past few years will get passed through to wage and salaries. Real GDP in Q2 grew at a downwardly revised but still healthy rate of 0.7% with consumer spending posting its best growth in two years. In the meantime, the y/y change in consumer prices inflation rebounded to a 2.5% rate in August—9-year high. There still remains a chance that the BoE may raise rates again in November though the consensus does not predict it.

The Bank of Canada (BoC) and the Reserve Bank of Australia (RBA) also are expected to leave interest rates unchanged at their October meetings. Canadian real GDP grew at a weaker than expected rate of 2.0% in Q2 as net exports contracted sharply. Final sales were unchanged. Moreover, employment dropped in each of the past three months, the first such occurrence since 1992, and the unemployment rate has risen from 6.1% in June to 6.5% in August. For a second straight meeting, the BoC left its benchmark interest rate unchanged at 4.25% on September 6th meeting and markets have begun to anticipate an easing of policy by the central bank in Q1 of next year. RBA Governor Macfarlane continues to warn that the next move by the bank is more likely to be a rate hike than a rate cut. However, the consensus suggests the RBA is likely finished.

The Bank of Japan (BoJ) left the overnight call rate at 0.25% on September 8th and a series of weaker than expected reports on economic activity and inflation have sent bond yields lower and diminished market expectations of another near-term tightening of policy. Real GDP growth in Q2 was the slowest over the past six quarters but the unemployment rate now stands at a 8-year low and CPI inflation remains positive. The consensus looks for another tightening before year's end *(see 10 and 11 for individual panel members' forecasts).*

Fourth Quarter 2006

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	A. Fed's Major Currency $ Index	B. Real GDP	C. GDP Price Index	D. Cons. Price Index
	Percent Per Annum — Average For Quarter: Short-Term							Intermediate-Term				Long-Term				Avg. For Qtr.	(Q-Q % Change) (SAAR)		
Argus Research	5.5 H	8.5 H	5.4	5.4	5.0	5.2	5.1	4.9	4.8	4.8	5.0	5.6	6.5	4.4	6.5	81.7	3.4	3.5 H	3.6 H
ClearView Economics	5.4	8.4	5.5	5.4	5.1	5.2	5.2	4.9	4.8	4.8	4.9	5.8	6.5	4.4	6.5	81.9	1.2	1.5	1.0
RBS Greenwich Capital Econ.	5.4	8.4	5.6	5.5	5.3	5.4	5.3	5.1	5.0	5.0	5.1	5.8	6.7	4.5	6.7	81.5	3.8	2.4	0.9
Bear Stearns & Co.	5.4	8.4	5.7 H	5.5 H	5.4 H	5.5 H	5.4 H	5.3 H	5.3 H	5.2 H	5.4 H	6.2	7.2 H	4.6	6.8	81.7	3.3	3.0	2.0
Woodworth Holdings	5.3	8.3	5.4	5.4	5.2	5.3	5.0	4.8	4.7	4.7	4.8	5.6	6.4	4.2	6.4	81.0	3.0	2.8	2.0
Stone Harbor Investment Partners	5.3	8.3	5.5	5.4	5.0	5.0	5.0	4.7	4.7	4.7	4.8	5.4 L	6.2	na	6.2	81.0	3.9 H	2.8	2.8
Wayne Hummer Investments	5.3	8.3	5.5	5.4	5.0	5.1	4.9	4.6	4.6	4.7	4.9	5.8	6.5	4.3	6.2	81.4	2.5	2.3	2.4
Nat'l Assn. of Realtors	5.3	8.3	5.4	5.2	4.9	5.0	4.9	4.8	4.7	4.7	4.9	5.5	6.4	4.4	6.5	na	2.9	2.3	2.4
Briefing.com	5.3	8.3	5.4	5.3	5.1	5.1	5.0	5.0	4.9	4.9	5.0	5.9	6.9	4.5	6.5	na	2.8	2.5	2.7
Kellner Economic Advisers	5.3	8.3	5.4	5.4	5.0	5.0	4.9	4.8	4.7	4.7	4.8	6.0	7.0	4.7	6.0 L	82.0	2.3	3.0	3.1
PNC Financial Services Corp.	5.3	8.3	5.4	5.2	4.9	5.0	5.0	4.9	4.8	4.8	4.9	5.7	6.7	4.2	6.3	86.0 H	2.8	1.5	3.4
Georgia State University	5.3	8.3	na	na	5.0	5.1	5.0	4.9	4.9	5.0	5.0	5.9	6.7	na	6.6	na	1.9	2.2	2.4
Standard & Poor's Corp.	5.3	8.3	5.6	5.6 H	5.2	5.3	5.3	5.2	5.0	4.9	na	5.8	6.5	4.7	6.5	78.5	2.0	1.4	1.2
Lehman Brothers	5.3	8.3	5.5	5.3	5.0	5.1	5.1	4.9	4.8	4.8	5.0	5.8	6.6	4.4	6.6	na	3.0	1.8	0.5
Moodys Investors Service	5.3	8.3	5.5	5.2	5.0	5.0	5.1	4.8	4.9	5.0	5.4 H	6.2	6.9	na	6.7	na	2.8	3.1	2.3
Barclays Capital	5.3	8.3	5.5	5.3	5.0	5.2	5.1	5.0	4.9	4.9	5.0	5.8	6.5	4.4	6.6	na	3.5	2.9	-0.3
Trusco Capital Management	5.3	8.3	5.5	5.3	4.7 L	4.7 L	4.8	4.7	4.7	4.7	4.8	5.6	6.8	4.3	6.3	81.0	2.5	2.4	1.2
Economist Intelligence Unit	5.3	8.3	5.5	na	5.0	na	na	na	na	na	4.8	na	na	na	na	na	2.2	na	3.6 H
J.W. Coons Advisors LLC	5.3	8.3	5.5	5.3	4.9	5.0	4.9	4.8	4.7	4.7	4.9	5.6	6.5	na	6.4	81.4	2.9	3.0	2.2
DePrince & Assoc.	5.3	8.3	5.5	5.3	5.1	5.2	5.3	4.9	4.7	4.8	5.0	5.7	6.6	4.6	6.8	82.1	3.0	2.7	2.7
Loomis, Sayles & Company	5.3	8.3	5.5	5.3	5.1	5.2	5.2	5.0	4.9	5.0	5.0	5.9	6.8	4.6	6.6	81.1	2.4	2.2	3.5
BMO Capital Markets	5.3	8.3	5.5	5.3	5.1	5.0	4.9	4.8	4.7	4.5	4.7 L	5.4 L	6.3	4.2	6.4	81.5	2.3	2.3	1.8
Nomura Securities, Inc.	5.3	8.3	5.4	5.3	4.9	5.1	5.0	4.7	4.7	4.7	4.9	5.5	6.5	na	6.3	81.0	2.5	2.3	1.3
merica Bank	5.3	8.3	5.4	5.3	5.1	5.2	5.1	5.0	5.0	5.0	5.1	5.8	6.7 L	4.4	6.6	81.1	2.2	0.0	0.0
ss Re	5.3	8.3	5.4	5.4	5.0	5.2	5.2	4.9	4.7	4.8	4.9	5.8	6.5	na	6.0	na	1.0 L	-0.4 L	0.4
Naroff Economic Advisors	5.3	8.3	5.4	5.3	5.0	5.1	5.1	4.9	4.8	4.8	5.0	5.7	6.6	4.3	6.5	79.5	2.4	3.1	[illegible]
ING Investment Mgt.	5.3	8.3	5.4	5.3	5.0	5.0	5.0	4.8	4.8	4.8	4.9	5.7	6.5	4.6	6.5	80.0	2.3	2.6	2.9
Prudential Equity Group LLC	5.3	8.3	5.4	5.3	5.1	5.1	5.1	5.0	4.9	4.9	5.0	5.8	6.5	4.4	6.4	81.4	2.3	2.3	2.9
State House Policy Office	5.3	8.3	5.4	5.3	5.0	5.2	5.1	4.9	4.8	4.9	4.9	5.7	6.5	4.4	6.4	81.8	2.4	2.5	2.0
National City Corporation	5.3	8.3	5.4	5.2	4.9	5.1	5.0	4.9	4.8	4.8	4.9	5.8	6.5	4.6	6.5	79.9	2.9	1.5	1.4
Moody's Economy.com	5.3	8.3	5.4	5.3	4.9	5.0	4.8	4.7	4.7	4.7	4.9	5.6	6.5	5.1 H	6.3	81.5	1.9	2.1	2.1
Action Economics	5.3	8.3	5.4	5.3	5.0	5.1	5.1	5.1	5.0	5.0	5.1	5.7	6.5	4.4	6.5	80.9	3.0	2.5	0.3
Banc of America Securities	5.3	8.3	5.4	na	5.1	5.2	5.2	4.9	4.9	5.0	5.1	5.8	6.7	na	6.6	na	2.8	2.0	1.0
Chmura Economics & Analytics	5.3	8.3	5.4	5.3	4.9	5.0	5.1	4.7	4.7	4.7	4.7 L	5.9	na	na	6.7	77.3 L	3.2	3.5 H	3.7
Mesirow Financial	5.3	8.3	5.3	na	5.0	5.2	5.1	4.9	4.9	4.8	4.9	5.7	na	na	6.2	81.1	1.6	1.7	1.2
Goldman Sachs & Co.	5.3	8.3	5.3	na	4.9	na	5.0	4.8	4.7	4.8	4.9	6.5 H	na	na	6.9 H	na	2.5	2.0	0.9
LaSalle Nat'l Bank	5.3	8.3	5.3	5.5 H	5.0	5.0	5.0	5.0	5.0	5.1	5.2	6.0	6.9	4.7	6.8	78.8	2.2	2.1	1.7
UBS Warburg	5.3	8.3	5.2	na	4.9	na	na	4.4 L	4.4 L	4.5 L	4.7 L	na	na	na	na	na	2.0	2.3	-1.0 L
Wachovia	5.3	8.3	5.2	na	4.7 L	4.8	4.9	5.0	4.9	4.8	4.9	5.5	6.4	4.1 L	6.3	80.0	2.0	2.1	2.0
SunTrust Banks	5.3	8.3	5.2	5.1	5.1	5.2	4.8	4.9	4.8	4.8	4.9	5.9	6.9	4.5	6.5	na	1.0	3.1	3.6 H
JPMorgan Private Client Services	5.3	8.3	5.2	5.0	4.9	5.0	5.0	4.6	4.7	4.6	4.9	5.4 L	6.3	4.6	6.3	81.5	3.0	3.2	3.3
Wells Capital Management	5.3	8.3	5.1	4.9 L	4.9	4.9	4.9	4.7	4.7	4.7	4.8	5.6	6.6	4.2	6.2	na	3.1	2.6	2.7
Scotiabank	5.3	8.3	5.0 L	5.1	4.8	4.8	4.7 L	4.6	4.6	4.7	4.8	5.8	6.5	4.4	6.3	79.7	2.5	2.4	1.5
Fannie Mae	5.3	8.3	na	na	4.8	4.9	4.8	4.7	4.6	4.5 L	4.7 L	5.7	6.5	4.1 L	6.4	na	2.7	1.8	1.0
J.P. Morgan Chase	5.3	na	5.5	na	5.1	na	na	5.0	4.9	5.0	5.1	na	na	na	na	na	3.6	1.8	0.0
Merrill Lynch Economics	5.3	na	5.3	na	4.8	na	na	4.7	4.6	4.7	4.9	na	na	na	na	na	1.6	2.4	0.4
U.S. Trust Company	5.2 L	8.2 L	5.4	5.2	5.0	5.0	4.9	4.7	4.6	4.5 L	4.8	5.5	6.4	4.3	6.3	81.2	1.5	1.5	1.0
Thredgold Economic Assoc.	5.2 L	8.2 L	5.3	5.3	4.9	5.1	5.1	4.9	4.8	4.8	4.9	5.7	6.6	4.4	6.4	81.0	2.8	2.7	2.8
Cycledata Corp.	5.2 L	8.2 L	5.2	5.1	4.8	4.9	4.9	4.9	4.9	4.8	4.9	5.7	6.6	4.3	6.1	83.0	1.5	2.7	3.0
The Northern Trust Company	5.2 L	8.2 L	5.1	na	4.7 L	na	5.1	4.7	4.6	4.7	4.8	5.6	na	4.2	6.4	na	1.9	2.1	2.5
October Consensus	**5.3**	**8.3**	**5.4**	**5.3**	**5.0**	**5.1**	**5.0**	**4.8**	**4.8**	**4.8**	**4.9**	**5.7**	**6.6**	**4.4**	**6.4**	**81.0**	**2.6**	**2.3**	**1.9**
Top 10 Avg.	5.4	8.4	5.6	5.4	5.2	5.3	5.2	5.1	5.0	5.0	5.1	6.0	6.9	4.7	6.7	82.3	3.4	3.1	3.5
Bottom 10 Avg.	5.2	8.2	5.2	5.1	4.8	4.9	4.8	4.6	4.6	4.6	4.7	5.5	6.3	4.2	6.2	79.5	1.5	1.2	0.3
September Consensus	5.3	8.3	5.5	5.4	5.2	5.3	5.2	5.1	5.1	5.1	5.2	6.0	6.8	4.7	6.7	80.8	2.6	2.5	2.6
mber of Forecasts Changed From A Month Ago:																			
Down	16	18	30	27	46	37	38	43	46	45	42	43	38	32	42	7	21	19	[illegible]
Same	34	33	10	11	5	6	6	6	3	3	4	2	2	3	3	10	16	14	11
Up	0	0	8	1	0	1	4	0	0	1	3	1	2	0	1	14	13	16	9
Diffusion Index	34 %	34 %	37 %	17 %	5 %	8 %	15 %	6 %	3 %	5 %	10 %	4 %	7 %	4 %	5 %	61 %	42 %	47 %	39 %

First Quarter 2007

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter: Short-Term 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	Long-Term 11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For Qtr. A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR) B. Real GDP	C. GDP Price Index	D. Cons. Price Index
Stone Harbor Investment Partners	5.6 H	8.6 H	5.8 H	5.7	5.3	5.3	5.2	5.1	5.1	5.1	5.2	5.8	6.7	na	6.6	79.0	4.9 H	2.9	3.0
Bear Stearns & Co.	5.5	8.5	5.8 H	5.8	5.5 H	5.6 H	5.6 H	5.5 H	5.5 H	5.4 H	5.6 H	6.5 H	7.4 H	4.8	7.0	81.7	3.2	3.0	3.0
RBS Greenwich Capital Econ.	5.5	8.5	5.6	5.5	5.3	5.4	5.3	5.0	4.9	5.0	5.1	5.8	6.7	4.6	6.6	80.5	3.2	3.0	2.8
Woodworth Holdings	5.5	8.5	5.6	5.6	5.4	5.4	5.2	5.1	5.0	5.0	5.1	5.8	6.7	4.3	6.7	79.5	3.5	3.5 H	3.4
LaSalle Nat'l Bank	5.5	8.5	5.5	5.6 H	5.2	5.3	5.3	5.3	5.4	5.4 H	5.6	6.4	7.3	5.2 H	7.1 H	78.5	2.5	2.9	3.4
Argus Research	5.5	8.5	5.4	5.5	5.0	5.2	5.1	4.8	4.9	4.9	5.0	6.0	6.6	4.6	6.6	81.5	3.1	3.2	3.2
J.P. Morgan Chase	5.5	na	5.7	na	5.4	na	na	5.2	5.1	5.2	5.3	na	na	na	na	na	3.0	2.4	2.7
ClearView Economics	5.5	8.5	5.6	5.4	5.1	5.3	5.2	5.0	4.8	4.8	4.9	5.5	6.5	4.4	6.5	79.0	1.2	2.3	2.2
Lehman Brothers	5.4	8.4	5.8 H	5.4	5.2	5.2	5.2	5.1	5.0	5.0	5.1	5.9	6.7	4.5	6.6	na	2.5	2.3	3.0
Nat'l Assn. of Realtors	5.3	8.3	5.5	5.2	4.9	5.0	4.9	4.8	4.8	4.8	5.0	5.5	6.5	4.5	6.4	na	3.3	2.3	2.4
PNC Financial Services Corp.	5.3	8.3	5.4	5.2	4.8	5.0	5.0	4.9	4.8	4.8	4.9	5.7	6.7	4.2	6.3	84.0 H	2.5	2.7	1.8
Briefing.com	5.3	8.3	5.4	5.3	5.1	5.1	5.0	5.0	4.9	5.0	5.1	6.0	7.0	4.7	6.6	na	2.7	2.5	2.5
Kellner Economic Advisors	5.3	8.3	5.4	5.4	4.9	4.9	4.8	4.7	4.6	4.8	4.9	6.1	7.1	4.6	6.2	82.0	1.0 L	2.5	3.0
Georgia State University	5.3	8.3	na	na	5.0	5.0	4.9	4.8	4.9	5.0	5.0	6.0	6.9	na	6.4	na	1.8	2.9	1.8
ISG Investment Mgt.	5.3	8.3	5.4	5.3	5.0	5.0	5.0	4.9	4.9	4.9	5.0	5.8	6.5	4.6	6.5	80.0	2.0	2.5	2.8
Barclays Capital	5.3	8.3	5.6	5.3	5.1	5.3	5.3	5.1	5.1	5.1	5.1	6.7	6.6	4.5	6.7	na	3.5	2.8	4.7 H
Standard & Poor's Corp.	5.3	8.3	5.7	5.5	5.3	5.3	5.3	5.2	5.0	5.0	na	5.9	6.8	4.8	6.5	76.4 L	1.9	2.5	3.0
DePrince & Associates	5.3	8.3	5.5	5.3	5.2	5.3	5.1	4.9	4.8	4.8	5.0	5.8	6.9	4.7	6.5	82.3	2.9	2.7	2.7
Trusco Capital Management	5.3	8.3	5.5	5.3	4.7	4.7	4.8	4.7	4.7	4.7	4.8	5.7	6.5	4.3	6.4	80.0	2.5	2.2	1.2 L
Loomis, Sayles & Company	5.3	8.3	5.5	5.3	5.1	5.3	5.3	5.0	4.9	4.9	4.9	5.9	6.8	4.4	6.5	80.3	2.5	1.6 L	2.3
National City Corporation	5.3	8.3	5.5	5.3	5.0	5.2	5.2	5.3	5.3	5.3	5.4	6.0	6.9	5.1	6.6	77.8	2.7	2.2	2.0
State House Policy Office	5.3	8.3	5.4	5.3	5.1	5.2	5.2	5.0	5.0	5.0	5.1	5.9	6.7	4.7	6.5	81.5	2.6	2.8	2.1
Comerica Bank	5.3	8.3	5.4	5.3	5.1	5.2	5.1	5.0	5.1	5.1	5.3	5.9	6.6	4.8	6.7	80.5	2.5	1.7	1.9
...mura Securities, Inc.	5.3	8.3	5.4	5.3	4.9	5.1	5.0	4.7	4.8	4.7	4.9	5.5	6.5	na	6.3	80.9	2.7	2.8	2.3
...s of America Securities, LLC	5.3	8.3	5.4	na	5.1	5.2	5.1	5.0	5.0	5.1	5.2	5.9	6.8	na	6.7	na	2.7	2.5	3.0
... Capital Markets	5.3	8.3	5.4	5.2	5.1	4.9	4.9	4.8	4.8	4.8	4.8	5.5	6.4	4.3	6.5	81.0	2.8	2.5	3.1
...n Economics	5.3	8.3	5.4	5.3	5.0	5.2	5.0	5.2	5.2	5.3	5.4	6.0	6.8	4.8	6.7	79.5	3.3	2.8	3.2
J.W. Coons Advisors LLC	5.3	8.3	5.3	5.2	4.9	4.9	4.8	4.8	4.7	4.8	4.9	5.7	6.6	na	6.4	82.2	1.8	3.0	2.7
Mesirow Financial	5.3	8.3	5.3	na	5.0	5.2	5.1	5.0	4.9	4.9	5.0	5.9	na	na	6.3	81.0	2.7	2.8	2.3
SunTrust Banks	5.3	8.3	5.2	5.1	5.1	5.2	4.9	4.8	4.8	4.8	5.0	5.9	6.9	4.6	6.3	na	2.8	3.1	3.8
Wells Capital Management	5.3	8.3	5.2	5.1	5.0	5.0	5.0	4.9	4.9	4.9	4.9	5.7	6.6	4.3	6.4	na	3.3	2.7	2.8
JPMorgan Private Client Services	5.3	8.3	5.2	5.0	4.9	5.0	5.0	4.8	4.7	4.8	4.9	5.4	6.3	4.9	6.2	81.0	2.8	3.0	3.2
Goldman Sachs & Co.	5.3	8.3	5.1	na	4.7	na	4.6	4.7	4.7	4.8	4.6 L	6.5 H	na	na	6.9	na	2.8	3.0	3.5
Moody's Economy.com	5.2	8.2	5.3	5.3	4.8	5.0	4.9	4.7	4.7	4.8	4.9	5.5	6.9	5.1	6.3	81.0	3.5	1.8	2.5
Swiss Re	5.1	8.1	5.3	5.4	4.9	5.1	5.1	4.9	4.9	5.0	5.2	6.0	6.9	na	6.8	na	3.5	2.1	2.1
UBS Warburg	5.1	8.1	5.2	na	4.8	na	na	4.2 L	4.3 L	4.4 L	4.9	na	na	na	na	na	2.0	2.1	3.0
Fannie Mae	5.1	8.1	na	na	4.7	4.7	4.7	4.8	4.8	4.8	4.7	5.6	6.7	4.2	6.4	na	2.9	2.7	2.4
Moody's Investors Service	5.1	8.1	5.3	5.1	4.8	4.9	5.1	5.0	4.9	5.0	5.5	6.4	7.0	na	6.7	na	2.1	3.4	2.2
Prudential Equity Group LLC	5.1	8.1	5.2	5.0	4.9	4.8	4.8	4.8	4.5	4.7	4.9	5.4	6.3 L	4.6	6.3	81.0	2.3	2.3	2.0
Economist Intelligence Unit	5.0	8.0	5.3	na	4.9	na	na	na	na	na	4.8	na	na	na	na	na	1.9	na	3.7
Chmura Economics & Analytics	5.0	8.0	5.2	5.0	4.8	5.0	5.0	4.8	4.8	4.9	4.9	5.9	na	na	6.6	76.5	3.5	3.3	3.2
Wayne Hummer Investments	5.0	8.0	5.2	5.1	4.8	4.9	4.8	4.7	4.7	4.8	4.9	5.7	6.6	4.4	6.5	81.0	2.6	2.2	2.3
Wachovia	5.0	8.0	5.2	na	4.7	4.8	4.9	5.0	4.9	4.8	5.0	5.6	6.5	4.0 L	6.5	78.5	2.2	2.2	1.8
Naroff Economic Advisors	5.0	8.0	5.2	5.1	5.1	5.2	5.2	5.1	5.2	5.0	5.2	6.0	6.8	4.8	6.6	77.0	2.0	2.8	2.8
Thredgold Economic Assoc.	5.0	8.0	5.1	5.1	4.8	4.9	4.9	4.8	4.7	4.7	4.8	5.8	6.5	4.0	6.3	80.6	2.8	2.6	2.6
Cycledata Corp.	5.0	8.0	5.1	5.0	4.8	4.9	4.8	4.8	4.8	4.6	4.9	5.7	6.6	4.3	6.1	82.0	1.6	2.5	3.3
U.S. Trust Company	4.8 L	7.8 L	4.8	4.8 L	4.6	4.8	4.8	4.5	4.7	4.6	4.6	5.4 L	6.3 L	4.0	6.1 L	81.0	2.3	2.2	2.0
The Northern Trust Company	4.8 L	7.8 L	4.7 L	na	4.3 L	na	4.8	4.5	4.4	4.6	4.8	5.8	na	4.1	6.3	na	2.3	2.1	2.4
Scotiabank	4.8 L	7.8 L	4.7 L	4.8 L	4.5	4.5 L	4.4 L	4.3	4.4	4.6	4.7	5.6	6.6	4.4	6.2	78.2	2.6	2.4	2.0
Merrill Lynch Economics	4.8 L	na	5.2	na	4.7	na	na	4.5	4.4	4.5	4.6 L	na	na	na	na	na	1.7	2.2	1.7
October Consensus	**5.2**	**8.2**	**5.3**	**5.3**	**5.0**	**5.1**	**5.0**	**4.9**	**4.8**	**4.9**	**5.0**	**5.8**	**6.7**	**4.5**	**6.5**	**80.2**	**2.6**	**2.6**	**2.7**
Top 10 Avg.	5.5	8.5	5.7	5.5	5.3	5.3	5.3	5.2	5.2	5.2	5.3	6.2	7.0	4.9	6.8	81.9	3.5	3.2	3.8
Bottom 10 Avg.	4.9	7.9	5.0	5.0	4.6	4.8	4.7	4.5	4.5	4.6	4.7	5.5	6.4	4.2	6.2	78.1	1.7	2.0	1.8
September Consensus	5.3	8.3	5.4	5.4	5.1	5.3	5.2	5.1	5.1	5.1	5.2	6.1	7.0	4.8	6.7	80.2	2.7	2.6	2.8
...mber of Forecasts Changed From A Month Ago:																			
Down	22	21	29	27	42	38	37	41	42	42	40	39	37	31	40	9	21	16	17
Same	25	24	11	10	5	4	5	6	4	6	6	5	5	3	4	10	19	18	21
Up	2	3	6	2	3	2	4	3	3	1	3	2	2	1	2	13	10	15	12
Diffusion Index	30 %	31 %	29 %	18 %	10 %	8 %	14 %	11 %	10 %	8 %	12 %	10 %	8 %	7 %	9 %	58 %	38 %	49 %	45 %

Second Quarter 2007

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum — Average For Quarter: Short-Term							Intermediate-Term				Long-Term				Avg. For Qtr.	Q-Q % Change (SAAR)		
	1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	A. Fed's Major Currency $ Index	B. Real GDP	C. GDP Price Index	D. Cons. Price Index
J.P. Morgan Chase	6.0 H	na	5.2 H	na	5.0 H	na	na	5.7 H	5.6	5.7 H	5.7	na	na	na	na	na	3.5	2.4	2.8
Bear Stearns & Co.	5.8	8.8 H	6.1	5.9 H	5.8	5.9 H	5.8 H	5.7 H	5.7 H	5.9	5.9 H	6.7 H	7.6 H	4.9	7.2 H	82.1	3.2	3.1	2.7
LaSalle Nat'l Bank	5.8	8.8 H	5.9	5.8	5.6	5.5	5.5	5.5	5.5	5.5	5.6	6.6	7.5	5.5 H	7.2 H	77.0	2.5	2.2	2.1
Stone Harbor Investment Partners	5.8	8.8 H	5.9	5.8 H	5.4	5.4	5.3	5.3	5.3	5.3	5.4	6.0	6.9	na	6.8	77.0	3.8	2.8	2.8
Barclays Capital	5.5	8.5	5.8	5.5	5.2	5.4	5.4	5.4	5.3	5.2	5.2	5.8	6.7	4.8	6.8	na	3.0	2.9	2.9
Lehman Brothers	5.5	8.5	5.8	5.5	5.3	5.3	5.2	5.3	5.2	5.1	5.2	5.9	6.8	4.8	6.7	na	2.8	2.3	2.8
Woodworth Holdings	5.5	8.5	5.5	5.6	5.4	5.4	5.3	5.2	5.1	5.2	5.3	6.0	6.9	4.4	6.8	78.0	3.5	3.8 H	3.8 H
Argus Research	5.5	8.5	5.3	5.4	5.1	5.3	5.2	4.8	4.9	5.0	5.0	5.7	6.8	4.5	6.5	82.0	3.8	3.2	3.2
RBS Greenwich Capital Econ.	5.5	8.5	5.5	5.5	5.3	5.3	5.2	5.0	4.9	4.9	5.0	5.8	6.7	4.5	6.5	79.0	2.8	2.3	2.7
Nat'l Assn. of Realtors	5.3	8.3	5.5	5.2	4.9	4.8	4.8	4.8	4.8	4.8	5.0	5.8	6.5	4.0	6.7	na	2.9	2.2	2.3
Briefing.com	5.3	8.3	5.4	5.3	5.1	5.1	5.0	5.0	4.9	5.0	5.1	6.0	7.0	4.7	6.6	na	2.9	2.4	2.4
Comerica Bank	5.3	8.3	5.5	5.3	5.2	5.3	5.2	5.2	5.2	5.3	5.4	6.1	7.0	4.7	6.9	79.6	2.7	1.8	2.0
Standard & Poor's Corp.	5.3	8.3	5.7	5.5	5.3	5.3	5.4	5.3	5.1	5.1	na	6.1	7.0	4.9	6.5	75.3	1.8	2.1	2.1
National City Corporation	5.3	8.3	5.5	5.3	5.0	5.2	5.3	5.4	5.4	5.5	5.8	6.2	7.1	4.3	6.9	78.9	2.7	1.8	1.8
Loomis, Sayles & Company	5.3	8.3	5.5	5.3	5.1	5.3	5.3	5.0	4.8	4.8	4.8	6.0	6.9	4.3	6.4	78.7	2.9	2.7	2.7
Action Economics	5.3	8.3	5.5	5.3	5.3	5.4	5.5	5.5	5.5	5.5	5.8	6.1	6.9	5.0	6.9	79.0	3.3	2.3	2.7
Banc of America Securities	5.3	8.3	5.4	na	5.1	5.3	5.3	5.1	5.2	5.2	5.3	6.0	6.9	na	6.8	na	2.8	2.7	3.2
Mesirow Financial	5.3	8.3	5.3	na	4.9	5.1	5.1	5.1	4.9	5.1	5.2	6.1	na	na	6.3	81.5	3.1	2.4	2.1
J.W. Coons Advisors LLC	5.3	8.3	5.3	5.2	4.9	4.8	4.6	4.8	4.7	4.8	4.9	6.0	6.7	na	6.5	82.1	1.6	2.8	2.6
JPMorgan Private Client Services	5.3	8.3	5.2	5.0	4.9	5.0	5.0	4.8	4.7	4.8	4.9	5.4	6.3	4.6	6.2	80.4	2.5	2.9	3.0
DePrince & Associates	5.2	8.2	5.5	5.2	5.1	5.2	5.2	5.0	4.8	4.8	5.0	6.0	7.1	4.8	6.5	82.9	2.8	2.3	2.7
State House Policy Office	5.2	8.2	5.3	5.2	5.0	5.2	5.2	5.1	5.1	5.2	5.3	6.1	6.9	4.9	6.7	81.0	1.8	2.5	2.1
ClearView Economics	5.1	8.1	5.2	5.1	4.8	5.0	4.9	4.7	4.6	4.7	4.5	5.6	6.4	4.3	6.4	78.0	2.1	2.2	2.7
Wells Capital Management	5.1	8.1	5.1	5.0	4.9	4.9	4.9	4.8	4.8	4.8	4.8	5.7	6.6	4.2	6.3	na	2.9	2.5	2.5
VC Financial Services Corp.	5.1	8.1	5.2	5.0	4.7	4.8	4.8	4.8	4.7	4.7	4.8	5.6	6.5	4.1 H	6.2	83.0 H	2.3	1.5 L	2.2
Asco Capital Management	5.0	8.0	5.3	5.0	4.5	4.8	4.8	4.8	4.8	4.8	4.8	5.9	7.0	4.2	6.3	81.0	2.5	2.1	1.6
Chmura Economics & Analytics	5.0	8.0	5.2	5.0	4.8	5.0	5.0	4.8	4.8	4.8	4.9	5.9	na	na	6.0	76.4	3.5	3.1	[illegible]
Wayne Hummer Investments	5.0	8.0	5.2	5.1	4.8	4.9	4.8	4.7	4.7	4.8	4.9	5.8	6.7	4.6	6.4	80.5	2.7	2.3	2.3
ING Investment Mgt.	5.0	8.0	5.2	5.1	4.9	4.9	4.9	5.0	5.0	5.0	5.1	6.0	6.8	4.8	6.8	79.0	2.5	2.4	2.5
Moody's Investors Service	5.0	8.0	5.2	5.3	4.9	4.9	4.9	4.8	4.8	4.9	5.0	5.8	6.7	5.2	6.4	80.8	2.8	2.2	2.6
Nomura Securities, Inc.	5.0	8.0	5.2	5.1	4.7	4.8	4.7	4.6	4.6	4.8	4.8	5.5	6.5	na	6.1	80.0	2.0	2.1	2.3
Wachovia	5.0	8.0	5.1	na	4.9	4.9	5.0	5.0	5.0	5.0	5.2	5.7	6.8	4.1 H	6.5	77.0	2.2	1.9	2.2
Kellner Economic Advisers	5.0	8.0	5.1	5.2	4.9	4.8	4.7	4.8	4.6	4.9	5.0	6.2	7.2	4.2	6.4	81.0	0.5 L	2.4	2.8
BMO Capital Markets	5.0	8.0	5.1	5.0	4.8	4.8	4.7	4.7	4.7	4.7	4.9	5.8	6.4	4.3	6.4	82.0	2.9	2.5	2.7
SunTrust Banks	5.0	8.0	5.0	4.7	4.8	5.1	4.7	4.7	4.8	4.8	5.0	5.9	6.8	4.8	6.3	na	3.0	2.8	3.2
Goldman Sachs	5.0	8.0	4.8	na	4.4	na	4.5	4.5	4.5	4.5	4.5	5.5	na	na	6.9	na	2.0	2.3	3.1
Georgia State University	5.0	8.0	na	na	4.9	4.9	4.8	4.8	4.8	5.0	5.0	6.0	6.9	na	6.5	na	2.2	1.9	1.9
Fannie Mae	5.0	8.0	na	na	4.9	4.7	4.8	4.8	4.6	4.6	4.7	6.0	6.7	4.4	6.4	na	3.0	2.2	2.0
Swiss Re	4.9	7.9	5.0	5.1	4.7	4.8	4.8	4.8	4.8	5.0	5.4	6.2	7.1	na	6.3	na	3.9 H	1.9	2.4
Cycledata Corp.	4.8	7.8	4.9	4.8	4.8	4.8	4.7	4.8	4.9	4.8	4.9	5.7	6.0	4.3	6.1	82.0	1.5	2.4	3.0
Moody's Economy.com	4.8	7.8	5.1	5.1	4.8	4.8	5.0	5.0	4.9	5.0	5.3	6.4	7.0	na	6.6	na	3.0	2.9	2.3
UBS Warburg	4.8	7.8	4.0	na	4.5	na	na	4.1	4.2 L	4.2 L	4.4 L	na	na	na	na	na	2.3	2.1	3.2
Prudential Equity Group LLC	4.8	7.8	4.9	4.7	4.6	4.6	4.6	4.6	4.7	4.8	5.0	5.8	6.8	4.6	6.3	80.9	2.7	2.0	2.0
Naroff Economic Advisors	4.7	7.7	4.8	4.7	4.5	4.9	5.0	5.1	5.1	5.1	5.2	5.9	6.8	4.6	6.7	75.0 L	2.8	2.1	2.4
Thredgold Economic Assoc.	4.6	7.6	4.7	4.7	4.4	4.5	4.5	4.4	4.4	4.4	4.4 H	5.2 L	6.1 L	4.1 L	6.0 L	80.0	2.6	2.5	2.5
Economist Intelligence Unit	4.5	7.5	4.8	na	4.4	na	na	na	na	na	4.8	na	na	na	na	na	1.7	na	3.4
U.S. Trust Company	4.5	7.5	4.5	4.5	4.3	4.4	4.6	4.4	4.3	4.6	4.7	5.4	6.3	4.1 L	6.1	81.0	2.4	2.3	2.3
The Northern Trust Company	4.5	7.5	4.5	na	4.0	na	4.2	4.4	4.4	4.8	4.8	5.5	na	4.1 L	6.2	na	2.5	2.0	2.3
Merrill Lynch Economics	4.5	na	4.4	na	4.2	na	na	4.0	4.3	4.5	4.8	na	na	na	na	na	1.5	1.5	1.3 L
Scotiabank	4.3 L	7.3 L	4.2 L	4.3 L	4.0 L	4.0 L	4.0 L	3.9 L	4.2 H	4.5	4.5	5.8	6.5	4.3	6.1	76.7	2.3	2.1	1.8
October Consensus	**5.1**	**8.1**	**5.2**	**5.2**	**4.9**	**5.0**	**4.9**	**4.8**	**4.9**	**4.9**	**5.0**	**5.9**	**6.8**	**4.6**	**6.5**	**79.8**	**2.6**	**2.4**	**2.5**
Top 10 Avg.	5.6	8.6	5.8	5.5	5.4	5.4	5.4	5.4	5.4	5.4	5.5	6.3	7.2	5.0	6.9	82.0	3.5	3.0	3.2
Bottom 10 Avg.	4.6	7.6	4.8	4.7	4.3	4.6	4.5	4.3	4.4	4.5	4.6	5.5	6.4	4.2	6.2	76.8	1.7	1.8	1.8
September Consensus	5.2	8.2	5.3	5.3	5.1	5.2	5.2	5.1	5.1	5.1	5.2	6.1	7.0	4.8	6.7	79.8	2.8	2.4	2.5
Number of Forecasts Changed From A Month Ago:																			
Down	17	17	26	22	38	33	34	35	40	41	37	39	33	31	38	11	21	14	[illegible]
Same	28	25	14	11	9	7	7	5	7	7	6	4	5	3	4	7	19	23	21
Up	5	8	8	8	3	4	5	9	2	1	5	3	4	2	4	14	10	14	12
Diffusion Index	38 %	39 %	31 %	20 %	15 %	17 %	18 %	17 %	11 %	9 %	17 %	11 %	18 %	10 %	13 %	55 %	39 %	50 %	45 %

Third Quarter 2007

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter: Short-Term: 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term: 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	Long-Term: 11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For Qtr.: A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR): B. Real GDP	C. GDP Price Index	D. Cons. Price Index
LaSalle Nat'l Bank	6.0 H	9.0 H	6.0	6.0 H	5.6	5.6	5.5	5.5	5.5	5.5	6.6	6.6	7.5	5.5 H	7.2	76.1	2.9	1.9	1.7
J.P. Morgan Chase	6.0 H	na	6.2 H	na	5.9	na	na	5.7	5.7	5.7	5.7	na	na	na	na	na	2.5	2.3	2.5
Barclays Capital	5.9	8.9	6.1	5.5	5.5	5.9	5.8	5.5	5.2	5.2	5.2	5.8	6.7	4.6	6.6	na	2.5	2.6	3.3
Bear Stearns & Co.	5.9	8.9	6.1	5.9	5.8	5.9 H	5.9 H	5.8 H	5.8 H	5.8 H	6.0 H	6.9 H	7.8 H	5.0	7.4 H	82.4	3.2	3.0	2.9
Stone Harbor Investment Partners	5.9	8.8	5.9	5.9	5.4	5.4	5.3	5.2	5.1	5.2	5.4	6.0	6.8	na	6.7	70.0	3.3	2.3	2.7
Action Economics	5.8	8.8	5.9	5.8	5.5	5.6	5.7	5.7	5.6	5.6	5.8	6.3	7.1	5.2	7.1	78.5	3.3	2.5	2.7
Comerica Bank	5.5	8.5	5.8	5.9	5.4	5.8	5.5	5.5	5.5	5.5	5.7	6.4	7.3	5.0	7.2	79.3	3.0	1.9	2.1
Lehman Brothers	5.5	8.5	5.7	5.5	5.3	5.3	5.2	5.3	5.2	5.1	5.2	5.9	6.8	4.6	6.8	na	3.0	2.2	2.3
Argus Research	5.4	8.4	5.3	5.3	5.1	5.3	5.2	5.0	5.0	5.0	5.1	5.7	6.6	4.6	6.5	82.1	4.0 H	2.2	3.0
Nat'l Assn. of Realtors	5.3	8.3	5.4	5.2	4.8	4.9	4.9	4.6	4.8	4.9	5.1	5.7	6.6	4.7	6.6	na	3.3	3.0	2.2
Briefing.com	5.3	8.3	5.4	5.2	5.0	5.0	4.9	4.9	4.8	4.9	5.0	5.9	6.9	4.8	6.6	na	3.0	2.3	2.2
National City Corporation	5.3	8.3	5.5	5.3	5.0	5.2	5.3	5.5	5.5	5.6	5.7	6.5	7.2	5.4	7.0	78.1	2.9	1.3 L	1.1 L
Loomis, Sayles & Company	5.3	8.3	5.5	5.3	5.1	5.2	5.3	5.0	4.8	4.8	4.8	6.0	6.9	4.3	6.4	79.2	3.1	2.3	2.3
Standard & Poor's Corp.	5.3	8.3	5.4	5.2	5.1	5.1	5.2	5.2	5.1	5.2	na	6.3	7.2	5.1	6.7	74.4	2.1	1.7	1.7
Banc of America Securities	5.3	8.3	5.4	na	5.2	5.3	5.4	5.3	5.4	5.4	5.5	6.2	7.1	na	7.0	na	3.4	2.8	2.6
Mesirow Financial	5.3	8.3	5.3	na	4.9	5.1	5.1	5.1	5.0	5.3	5.4	6.2	na	na	6.4	81.9	3.2	2.0	2.5
JPMorgan Private Client Services	5.3	8.3	5.2	5.0	4.9	4.9	5.0	4.8	4.7	4.8	4.8	5.4	6.3	4.6	6.2	80.5	2.7	2.8	2.9
RBS Greenwich Capital Econ.	5.2	8.2	5.2	5.2	5.0 H	5.0	4.9	4.9	4.9	4.9	5.0	5.8	6.7	4.6	6.5	78.0	2.1	2.3	2.3
DePrince Associates	5.0	8.0	5.3	5.1	4.9	5.0	5.1	5.0	4.8	4.8	5.0	6.1	7.1	4.9	6.6	83.3 H	2.7	2.3	2.5
Moody's Investors Service	5.0	8.0	5.2	5.3	4.8	5.0	5.0	5.0	5.0	5.1	5.2	5.9	6.9	5.4	6.6	81.0	3.5	2.3	2.0
Wayne Hummer Investments	5.0	8.0	5.2	5.1	4.8	4.9	4.8	4.7	4.7	4.8	4.9	5.6	6.7	4.5	6.4	80.2	2.8	2.3	2.4
ING Investment Mgt.	5.0	8.0	5.2	5.1	4.8	4.8	4.9	5.0	5.0	5.1	5.2	6.1	7.0	4.6	6.6	79.9	3.5	2.6	2.5
Wachovia	5.0	8.0	5.1	na	4.8	5.0	5.1	5.0	5.1	5.1	5.2	5.9	6.7	4.2	6.6	78.0	3.0	1.9	2.2
Kellner Economic Advisers	5.0	8.0	5.1	5.2	4.7	4.7	4.6	4.5	4.8	5.0	5.1	6.3	7.3	5.1	6.6	81.0	1.0 L	2.6	2.6
...odworth Holdings	5.0	8.0	5.1	5.1	4.9	4.9	4.8	4.7	4.8	4.8	4.9	5.6	6.5	4.3	6.5	78.0	3.0	3.6 H	3.6 H
... Coons Advisors LLC	5.0	8.0	5.1	4.9	4.7	4.8	4.8	4.6	4.6	4.7	4.9	5.8	6.8	na	6.4	82.3	2.3	2.4	2.5
...ura Securities, Inc.	4.9	7.9	5.0	4.9	4.8	4.7	4.5	4.4	4.4	4.5	4.7	5.4	6.4	na	6.0 L	80.9	3.0	2.0	2.4
...rgia State University	4.8	7.8	na	na	4.7	4.8	4.8	4.8	4.9	5.1	5.1	6.2	7.2	na	6.7	na	2.3	1.7	1.8
Trusco Capital Management	4.8	7.8	5.0	4.9	4.4	4.5	4.5	4.4	4.5	4.5	4.7	5.8	6.9	4.1	6.2	83.0	3.0	1.9	2.0
Chmura Economics & Analytics	4.8	7.8	5.0	4.8	4.8	4.8	4.8	4.8	4.8	4.9	5.0	5.8	na	na	6.5	74.4	3.2	3.4	2.2
Prudential Equity Group LLC	4.8	7.8	4.9	4.8	4.6	4.6	4.6	4.6	4.7	4.9	5.1	6.0	6.6	4.7	6.4	80.2	3.2	2.5	2.1
ClearView Economics	4.8	7.8	4.8	4.7	4.5	4.7	4.7	4.5	4.4	4.5	4.7	5.4	6.3	4.2	6.2	79.0	3.5	2.4	3.0
Fannie Mae	4.8	7.8	na	na	4.5	4.6	4.5	4.6	4.6	4.7	4.8	5.8	6.6	4.6	6.4	na	3.0	2.2	2.3
Wells Capital Management	4.8	7.7	4.7	4.6	4.5	4.4	4.5	4.4	4.4	4.4	4.3	5.5	6.4	4.1	6.2	na	2.5	2.2	2.3
BMO Capital Markets	4.8	7.7	4.9	4.8	4.8	4.8	4.8	4.6	4.7	4.7	4.9	5.5	6.5	4.3	6.4	83.5	3.1	2.3	2.5
Moody's Economy.com	4.7	7.8	5.0	4.0	4.6	4.7	5.0	5.1	4.9	5.0	5.5	6.5	7.0	na	6.6	na	3.1	2.3	2.0
State House Policy Office	4.7	7.7	4.8	4.7	4.5	4.6	4.7	4.7	4.8	5.0	5.1	5.9	6.7	4.7	6.7	81.2	3.2	2.5	3.0
SunTrust Banks	4.7	7.7	4.7	4.5	4.6	4.6	4.8	4.6	4.7	4.8	5.0	5.9	6.9	4.6	6.4	na	3.1	2.0	2.5
Swiss Re	4.6	7.6	4.7	4.9	4.4	4.0	4.0	4.6	4.8	5.0	5.4	6.2	7.2	na	6.3	na	3.5	1.3	2.1
PNC Financial Services Corp.	4.6	7.6	4.7	4.6	4.4	4.5	4.5	4.6	4.6	4.6	4.7	5.8	6.8	4.0 L	6.2	82.9	3.0	1.7	2.4
Economist Intelligence Unit	4.5	7.5	4.8	na	4.3	na	na	na	na	na	4.6	na	na	na	na	na	2.0	na	3.2
Thredgold Economic Assoc.	4.5	7.5	4.6	4.6	4.3	4.4	4.4	4.4	4.4	4.4	4.4	5.2 L	6.1 L	4.1	6.0 L	79.5	2.8	2.4	2.5
Cycledata Corp.	4.5	7.5	4.6	4.5	4.3	4.4	4.5	4.6	4.7	4.7	5.0	5.8	6.7	4.3	6.2	81.9	1.5	2.3	2.9
The Northern Trust Company	4.5	7.5	4.6	na	4.1	na	4.1	4.5	4.7	4.7	4.9	5.8	na	4.2	6.3	na	2.0	2.0	2.3
Goldman Sachs & Co.	4.5	7.5	4.3	na	4.1	na	4.2	4.3	4.4	4.6	4.6	5.8	na	na	6.8	na	2.0	2.1	2.5
UBS Warburg	4.4	7.4	4.2	na	4.3	na	na	4.1	4.2	4.2	4.4 L	na	na	na	na	na	2.5	2.1	2.5
Naroff Economic Advisors	4.4	7.4	4.5	4.4	4.5	4.6	4.7	4.9	5.0	5.1	5.3	5.9	6.8	4.9	6.5	74.9 L	3.6	2.5	2.3
U.S. Trust Company	4.3 L	7.3 L	4.5	4.2 L	4.0	4.0	4.3	4.1	4.2	4.5	4.7	5.3	6.2	4.1	6.0 L	81.0	2.7	2.2	2.3
Scotiabank	4.3 L	7.3 L	4.1 L	4.2 L	3.9 L	3.9 L	3.9 L	3.8 L	4.1 L	4.4	4.5	5.6	6.5	4.3	6.0 L	77.8	2.6	2.0	1.8
Merrill Lynch Economics	4.3 L	na	4.1 L	na	4.0	na	na	3.8 L	4.2	3.4 L	4.6	na	na	na	na	na	2.0	1.6	1.5
October Consensus	**5.0**	**8.0**	**5.1**	**5.0**	**4.8**	**4.9**	**4.9**	**4.8**	**4.8**	**4.9**	**5.0**	**5.9**	**6.8**	**4.6**	**6.5**	**79.6**	**2.9**	**2.3**	**2.4**
Top 10 Avg.	5.7	8.6	5.9	5.6	5.5	5.6	5.5	5.5	5.5	5.5	5.6	6.4	7.3	5.1	7.0	82.2	3.5	2.9	3.0
Bottom 10 Avg.	4.4	7.4	4.4	4.5	4.2	4.4	4.3	4.2	4.3	4.3	4.6	5.4	6.4	4.2	6.1	76.5	2.0	1.7	1.8
September Consensus	5.0	8.0	5.2	5.2	4.9	5.1	5.1	5.0	5.0	5.1	5.2	6.1	7.0	4.8	6.7	79.7	2.9	2.3	2.4
Number of Forecasts Changed From A Month Ago:																			
Down	18	14	22	21	34	30	32	34	37	37	34	38	31	29	38	9	15	13	15
Same	28	28	14	11	10	8	7	6	6	7	9	7	6	5	5	11	19	24	25
Up	6	8	11	7	5	6	7	6	5	4	5	4	5	2	5	13	15	11	9
Diffusion Index	41 %	44 %	38 %	32 %	20 %	23 %	23 %	21 %	16 %	16 %	20 %	15 %	19 %	13 %	18 %	58 %	50 %	48 %	44 %

Fourth Quarter 2007

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter: Short-Term: 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term: 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	Long-Term: 11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For Qtr.: A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR): B. Real GDP	C. GDP Price Index	D. Cons. Price Index
Barclays Capital	6.0 H	9.0 H	6.2 H	6.0 H	5.7	5.8	5.8	5.5	5.2	5.2	6.2	5.8	6.7	4.7	6.8	na	3.5	2.5	2.0
LaSalle Nat'l Bank	6.0 H	9.0 H	6.0	6.0 H	5.7	5.7	5.6	5.6	5.6	5.6	5.6	6.8	7.7	5.6 H	7.3	75.4	2.8	1.9	2.2
Bear Stearns & Co.	5.8	8.8	6.1	5.9	5.8 H	5.9 H	5.9 H	5.8 H	5.8 H	5.8 H	6.0 H	6.9 H	7.8 H	5.0	7.4 H	82.3	3.1	3.0	3.0
Comerica Bank	5.8	8.8	6.1	5.8	5.7	5.8	5.8	5.7	5.7	5.7	5.8	6.5	7.4	5.1	7.3	78.7	3.0	2.0	2.2
Stone Harbor Investment Partners	5.8	8.8	5.9	5.9	5.3	5.3	5.2	5.1	5.0	5.2	5.3	5.9	6.8	na	6.7	80.0	2.7	2.4	2.5
Action Economics	5.8	8.8	5.9	5.8	5.6	5.6	5.7	5.7	5.7	5.7	5.8	6.4	7.2	5.3	7.2	78.0	3.3	2.5	2.7
Lehman Brothers	5.5	8.5	5.7	5.5	5.3	5.3	5.2	5.3	5.2	5.1	5.2	5.9	6.8	4.0	6.6	na	3.0	2.1	2.5
National City Corporation	5.3	8.3	5.5	5.3	5.0	5.2	5.3	5.0	5.6	5.7	5.8	6.5	7.3	5.4	7.0	75.7	3.2	1.8	1.8
Loomis, Sayles & Company	5.3	8.3	5.5	5.3	5.1	5.3	5.3	5.0	4.8	4.8	4.8	6.0	6.9	4.3	6.4	78.0	3.1	2.2	2.3
Banc of America Securities	5.3	8.3	5.4	na	5.2	5.3	5.4	5.4	5.5	5.6	5.7	6.4	7.3	na	7.2	na	3.8	2.5	2.2
Argus Research	5.3	8.3	5.3	5.3	5.1	5.3	5.2	5.0	5.0	5.0	5.1	5.7	6.7	4.7	6.5	81.0	2.9	3.2	3.6
Mesirow Financial	5.3	8.3	5.2	na	4.9	5.1	5.1	5.1	5.1	5.3	5.4	6.3	na	na	6.5	87.0 H	3.4	2.2	1.8
Standard & Poor's Corp.	5.1	8.1	5.3	5.1	4.0	5.0	5.2	5.3	5.3	5.4	na	6.5	7.5	5.3	6.9	73.8	2.3	1.8	1.9
RBS Greenwich Capital Econ.	5.1	8.1	5.0	5.0	4.8	4.8	4.7	4.9	4.9	5.0	5.1	5.9	6.7	4.6	6.6	77.0	3.1	2.3	2.4
Nat'l Assn. of Realtors	5.0	8.0	5.3	5.0	4.0	4.7	4.8	4.8	4.9	5.0	5.2	6.0	6.7	4.3	6.9	na	2.9	1.6	2.0
Moody's Investors Service	5.0	8.0	5.2	5.0	4.0	5.1	5.2	5.3	5.3	5.3	6.5	6.1	7.2	5.5 H	6.9	82.0	3.0	2.3	2.3
Briefing.com	5.0	8.0	5.2	5.0	4.0	4.9	4.9	4.8	4.8	4.9	5.0	5.9	6.9	4.6	6.6	na	3.2	2.3	2.0
ING Investment Mgt.	5.0	8.0	5.2	5.1	4.8	4.9	4.9	5.1	5.2	5.2	5.3	6.1	7.0	4.6	6.8	78.0	3.0	2.2	2.4
Wachovia	5.0	8.0	5.1	na	4.9	5.0	5.1	5.0	5.1	5.2	5.3	5.9	6.8	4.3	6.7	79.0	3.2	1.9	2.2
JPMorgan Private Client Services	5.0	8.0	5.0	4.8	4.7	4.8	4.8	4.8	4.6	4.4	4.7	5.2	6.1	4.4	6.0	80.4	2.3	2.7	2.6
Wayne Hummer Investments	4.8	7.8	5.0	4.9	4.6	4.7	4.8	4.0	4.6	4.7	5.0	5.9	6.8	4.6	6.4	79.8	2.9	2.4	2.9
Nomura Securities, Inc.	4.8	7.8	4.8	4.8	4.5	4.5	4.4	4.2	4.3	4.4	4.6	5.3	6.3	na	5.9	81.0	3.0	1.9	2.3
Kellner Economic Advisers	4.8	7.8	4.8	5.0	4.7	4.6	4.5	4.5	4.7	5.1	5.2	6.4	7.4	5.3	6.8	80.0	1.5 L	2.8	2.9
Georgia State University	4.8	7.8	na	na	4.7	4.5	4.9	4.8	4.8	5.1	5.1	6.1	7.1	na	6.7	na	2.7	1.7	1.9
Prince & Assoc.	4.8	7.8	5.1	4.9	4.7	4.8	4.8	4.9	4.8	4.8	5.0	6.2	7.1	4.5	6.5	83.6	2.7	2.4	2.6
Moody's Economy.com	4.8	7.8	5.0	4.9	4.6	4.7	5.0	5.1	5.0	5.1	5.5	6.5	7.1	na	6.5	na	3.2	2.5	1.[illegible]
Chmura Economics & Analytics	4.8	7.8	5.0	4.8	4.6	4.5	4.2	4.8	4.8	4.9	5.0	5.8	na	na	6.5	73.4 L	3.3	3.0	1.[illegible]
J.W. Coons Advisors LLC	4.8	7.8	5.0	4.9	4.6	4.4	4.4	4.5	4.6	4.7	4.0	5.8	6.8	na	6.4	83.3	2.4	2.5	2.5
Prudential Equity Group LLC	4.8	7.8	4.9	4.8	4.5	4.5	4.6	4.8	4.7	4.9	5.1	5.8	6.9	4.8	6.4	79.9	4.0 H	3.0	2.4
BMO Capital Markets	4.8	7.8	4.9	4.7	4.5	4.6	4.7	4.7	4.7	4.8	4.8	5.8	6.6	4.5	6.5	83.5	3.3	2.3	2.4
ClearView Economics	4.8	7.8	4.8	4.7	4.6	4.7	4.7	4.5	4.4	4.5	4.7	5.4	6.3	4.2	6.2	80.0	3.8	2.4	2.7
Fannie Mae	4.8	7.8	na	na	4.5	4.5	4.5	4.6	4.6	4.7	4.8	5.8	6.4	4.8	6.4	na	3.1	2.2	2.2
The Northern Trust Company	4.7	7.7	4.9	na	4.4	na	4.5	5.0	5.1	5.1	5.2	6.0	na	4.6	6.8	na	3.2	2.4	2.7
Economist Intelligence Unit	4.5	7.5	4.8	na	4.3	na	na	na	na	na	4.8	na	na	na	na	na	2.7	na	2.9
Tucson Capital Management	4.5	7.5	4.8	4.5	4.2	4.3	4.4	4.3	4.4	4.5	4.7	5.7	6.9	4.1	6.1	83.0	3.5	1.9	2.0
State House Policy Office	4.5	7.5	4.0	4.5	4.4	4.5	4.6	4.6	4.8	5.0	5.1	5.7	6.5	4.7	6.6	79.5	2.8	2.2	2.0
Swiss Re	4.5	7.5	4.8	4.8	4.3	4.5	4.5	4.8	4.8	5.0	5.4	6.2	7.1	na	6.3	na	3.2	1.9	2.7
Thredgold Economic Assoc.	4.5	7.5	4.0	4.8	4.3	4.4	4.4	4.4	4.4	4.4	4.4 L	5.2	6.1	4.1	6.0	79.0	2.0	2.3	2.5
Cycledata Corp.	4.5	7.5	4.6	4.8	4.3	4.4	4.5	4.8	4.7	4.8	5.0	5.8	6.7	4.4	6.3	81.0	2.5	2.3	2.7
Woodworth Holdings	4.5	7.5	4.6	4.8	4.4	4.4	4.4	4.3	4.2	4.4	4.5	5.2	6.1	4.2	6.1	77.0	3.0	3.5 H	3.8 H
Wells Capital Management	4.5	7.5	4.5	4.6	4.3	4.3	4.3	4.3	4.5	4.5	4.5	5.5	6.3	4.1	6.1	na	3.0	2.0	2.6
SunTrust Banks	4.5	7.5	4.5	4.2	4.5	4.5	4.6	4.7	4.8	5.0	5.1	6.1	7.1	4.5	6.5	na	3.8	2.0	2.8
PNC Financial Services Corp.	4.3	7.3	4.5	4.3	4.0	4.2	4.3	4.4	4.3	4.5	4.7	5.6	6.6	4.0 L	6.1	83.0	3.2	1.7	2.4
UBS Warburg	4.3	7.3	4.7	na	4.3	na	na	4.2	4.4	4.4	4.5	na	na	na	na	na	2.8	2.1	0.9 L
Scotiabank	4.3	7.3	4.1	4.2	3.9	3.9 L	3.9 L	3.8	4.0 L	4.4	4.5	6.0	6.5	4.3	6.0	78.4	2.8	2.0	1.6
Goldman Sachs	4.1	7.1	4.1	na	3.9	na	4.1	4.3	4.5	4.7	4.8	5.8	na	na	6.8	na	2.5	1.8	2.0
Naroff Economic Advisors	4.1	7.1	4.2	4.3	4.2	4.3	4.4	4.6	4.7	5.1	5.3	5.9	6.8	5.0	6.8	76.0	2.7	2.3	3.5
U.S. Trust Company	4.0 L	7.0 L	4.1	4.0 L	3.8	4.0	4.1	4.1	4.2	4.3 L	4.4 L	5.1 L	6.0 L	4.1	5.8 L	81.0	3.2	2.2	2.3
Merrill Lynch Economics	4.0 L	na	3.8 L	na	3.7 L	na	na	3.6 L	4.0 L	4.3 L	4.8	na	na	na	na	na	2.3	1.4 L	1.9
October Consensus	**4.8**	**7.9**	**5.0**	**5.0**	**4.7**	**4.8**	**4.8**	**4.8**	**4.8**	**4.9**	**5.1**	**5.9**	**6.8**	**4.7**	**6.6**	**79.0**	**3.0**	**2.2**	**2.3**
Top 10 Avg.	5.6	8.6	5.8	5.7	5.4	5.5	5.5	5.5	5.5	5.6	5.8	6.6	7.4	5.2	7.1	83.0	3.5	2.8	2.9
Bottom 10 Avg.	4.2	7.2	4.3	4.3	4.1	4.3	4.2	4.1	4.3	4.4	4.8	5.4	6.3	4.2	6.0	76.1	2.4	1.7	1.7
September Consensus	4.9	7.9	5.1	5.0	4.8	5.0	5.0	4.9	5.0	5.1	5.2	6.1	7.0	4.6	6.7	79.5	3.0	2.3	2.4
Number of Forecasts Changed From A Month Ago:																			
Down	10	10	36	18	32	27	33	33	35	38	38	34	31	27	32	11	16	14	1[illegible]
Same	33	32	14	14	12	10	8	7	8	7	6	6	3	5	8	12	15	27	19
Up	4	6	7	7	5	7	7	8	5	4	5	6	7	3	6	10	18	7	15
Diffusion Index	44 %	48 %	30 %	38 %	22 %	27 %	22 %	24 %	19 %	16 %	17 %	20 %	21 %	16 %	22 %	48 %	52 %	43 %	50 %

First Quarter 2008
Interest Rate Forecasts
Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum — Average For Quarter: Short-Term: 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term: 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	11 Treas. Bond 30-Yr.	Long-Term: 12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For Qtr.: A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR): B. Real GDP	C. GDP Price Index	D. Cons. Price Index
LaSalle Nat'l Bank	6.0 H	9.0 H	6.0	6.0 H	5.7 H	5.7	5.6	5.8	5.8	5.8	5.6	6.8 H	7.7	5.8	7.3	75.4	3.0	2.0	2.1
Comerica Bank	5.8	8.8	6.1 H	6.0	5.7 H	5.8 H	5.8 H	5.7	5.7	5.8 H	5.9 H	6.6	7.5	5.1	7.4 H	78.1	3.0	2.0	2.2
Action Economics	5.8	8.8	6.0	5.8	5.7 H	5.7	5.8 H	5.8 H	5.8 H	5.8 H	5.5	6.6	7.5	5.4	7.3	78.0	3.3	3.1	2.7
Stone Harbor Investment Partners	5.6	8.8	5.8	5.9	5.3	5.3	5.2	5.0	4.9	5.1	5.2	5.8	5.7	na	6.6	79.0	3.0	2.0	2.3
Lehman Brothers	5.5	8.5	5.7	5.5	5.3	5.3	5.2	5.3	5.2	5.1	5.2	5.9	6.6	4.6	6.6	na	na	na	na
National City Corporation	5.3	8.3	5.6	5.3	5.0	5.2	5.1	5.6	5.7	5.8 H	6.0 H	6.6	7.4	5.5	7.1	74.8	4.0 H	1.6	1.8
Loomis, Sayles & Company	5.3	8.3	5.8	5.3	5.1	5.3	5.3	5.0	4.8	4.8	4.8	6.0	6.9	4.3	6.4	78.4	3.3	2.2	2.4
Moody's Investors Service	5.3	8.3	5.4	5.3	5.1	5.3	5.3	5.4	5.4	5.4	5.5	6.2	7.3	5.7 H	7.0	83.0	4.0 H	2.4	2.4
Banc of America Securities	5.3	8.3	5.4	na	5.2	5.3	5.4	5.4	5.0	5.7	5.8	6.5	7.4	na	7.3	na	3.5	2.3	2.4
Argus Research	5.3	8.3	5.3	5.3	5.1	5.0	5.3	5.0	5.1	5.0	5.1	5.9	6.7	4.7	6.5	81.5	3.0	3.2 H	3.0
Mesirow Financial	5.3	8.3	5.2	na	4.8	5.1	5.1	5.1	5.1	5.4	5.5	6.4	na	na	6.5	82.5	3.4	1.7 L	1.5 L
ING Investment Mgt.	5.0	8.0	5.2	5.1	4.8	4.9	4.9	5.1	5.3	5.3	5.4	6.2	7.0	4.6	6.8	78.5	3.0	2.2	2.4
Standard & Poor's Corp.	5.0	8.0	5.2	5.0	4.9	4.9	5.1	5.2	5.4	5.5	na	6.7	7.7 H	5.5	7.1	72.8	2.8	2.1	1.9
Wachovia	5.0	8.0	5.1	na	5.0	5.1	5.2	5.1	5.2	5.3	5.4	6.0	6.9	4.3	6.8	80.5	3.4	2.0	1.9
RBS Greenwich Capital Econ.	5.0	8.0	5.0	5.0	4.8	4.7	4.6	5.0	5.0	5.1	5.2	6.0	6.8	4.7	6.7	78.0	3.2	2.6	2.3
ClearView Economics	4.9	7.9	5.1	4.9	4.7	4.8	4.8	4.8	4.5	4.6	4.8	5.4	6.3	4.2	6.3	81.0	3.2	2.4	2.7
Briefing.com	4.8	7.8	5.0	4.8	4.7	4.6	4.6	4.6	4.7	4.9	5.1	5.9	6.9	4.6	6.7	na	3.3	2.3	3.0
Wayne Hummer Investments	4.8	7.8	5.0	4.8	4.8	4.7	4.6	4.6	4.6	4.7	5.0	5.9	6.8	4.6	6.4	79.5	2.9	2.4	2.3
Kellner Economic Advisers	4.8	7.8	4.9	5.0	4.5	4.5	4.4	4.6	4.8	5.2	5.3	6.6	7.5	5.5	7.0	80.0	2.5 L	2.8	3.0
Georgia State University	4.8	7.8	na	na	4.7	4.8	4.9	4.9	4.9	5.1	5.1	6.1	7.1	na	6.7	na	2.7	1.7 L	1.8
Nat'l Assn. of Realtors	4.8	7.8	5.1	4.8	4.8	4.8	4.7	4.8	4.9	5.0	5.2	5.8	6.7	4.9	6.9	na	3.3	1.8	2.0
Moody's Economy.com	4.8	7.8	5.0	4.9	4.6	4.7	5.0	5.1	5.1	5.2	5.7	6.7	7.1	na	6.7	na	3.3	2.4	2.0
Chmura Economics & Analytics	4.8	7.8	5.0	4.8	4.8	4.8	4.8	4.6	4.8	4.9	5.0	5.8	na	na	6.5	71.5 L	3.2	2.8	1.6
mura Securities, Inc.	4.8	7.8	4.9	4.8	4.9	4.6	4.4	4.2	4.3	4.4	4.6	5.3	6.3	na	5.8 L	82.0	3.1	2.2	2.2
W. Coons Advisors LLC	4.8	7.8	4.9	4.7	4.5	4.4	4.4	4.3	4.8	4.8	4.9	6.0	6.9	na	6.4	83.0	2.6	2.5	2.6
O Capital Markets	4.8	7.8	4.9	4.7	4.5	4.6	4.7	4.7	4.7	4.7	4.8	5.8	6.8	4.3	6.5	83.0	3.0	2.2	2.2
JPMorgan Private Client Services	4.8	7.8	4.8	4.6	4.6	4.6	4.6	4.4	4.5	4.2 L	4.8	5.0 L	5.9 L	4.2	5.8 L	80.4	2.9	2.8	2.8
Fannie Mae	4.8	7.8	na	na	4.6	4.6	4.8	4.8	4.7	4.7	4.9	6.0	6.7	4.7	6.6	na	3.0	2.4	2.3
Wells Capital Management	4.7	7.7	4.8	4.7	4.5	4.6	4.6	4.6	4.7	4.9	4.8	5.8	6.5	4.4	6.6	na	3.5	2.5	2.1
DePrince & Associates	4.5	7.6	4.9	4.7	4.5	4.7	4.7	4.8	4.6	4.8	5.0	6.2	7.2	5.0	6.8	83.7	2.8	2.4	2.7
Economist Intelligence Unit	4.5	7.5	5.0	na	4.4	na	na	na	na	na	4.9	na	na	na	na	na	2.9	na	2.3
Trusco Capital Management	4.5	7.5	4.8	4.6	4.3	4.4	4.5	4.4	4.8	4.8	4.8	5.9	7.0	4.2	6.2	85.0 H	4.0 H	2.0	2.4
State House Policy Office	4.5	7.5	4.7	4.8	4.4	4.6	4.6	4.6	4.8	5.0	5.1	5.9	6.7	4.7	6.8	79.2	3.1	2.3	2.3
Swiss Re	4.5	7.5	4.8	4.8	4.3	4.5	4.5	4.6	4.8	5.0	5.4	6.2	7.1	na	6.3	na	3.2	2.1	2.1
Thredgold Economic Assoc.	4.5	7.5	4.6	4.5	4.3	4.4	4.4	4.4	4.4	4.4	4.4	5.2	6.1	4.1	6.0	78.5	2.8	2.2	2.5
Cycledata Corp.	4.5	7.5	4.6	4.5	4.3	4.4	4.5	4.6	4.8	4.8	5.1	6.0	6.8	4.5	6.4	81.0	2.9	2.4	2.6
Woodworth Holdings	4.3	7.3	4.4	4.3	4.1	4.2	4.2	4.1	4.1 L	4.4	4.6	6.2	6.1	4.1	6.1	78.0	3.0	3.2 H	3.2 H
PNC Financial Services Corp.	4.1	7.1	4.3	4.1	3.9 L	4.1	4.2	4.3	4.4	4.5	4.7	5.8	6.5	4.0 L	6.1	83.0	na	na	na
U.S. Trust Company	4.0 L	7.0 L	4.1 L	4.0 L	3.9 L	4.0 L	4.1 L	4.1 L	4.2	4.3	4.4 L	5.1	6.0	4.1	5.8 L	81.0	3.2	2.2	2.3
Naroff Economic Advisors	4.0 L	7.0 L	4.1 L	4.1	4.1	4.2	4.3	4.5	4.7	5.1	5.3	5.9	6.6	4.9	6.7	78.5	3.0	2.3	2.4
October Consensus	**4.9**	**7.9**	**5.0**	**4.9**	**4.7**	**4.8**	**4.8**	**4.8**	**4.9**	**5.0**	**5.1**	**6.0**	**6.9**	**4.7**	**6.6**	**79.5**	**3.1**	**2.3**	**2.3**
Top 10 Avg.	5.5	8.5	5.7	5.5	5.3	5.4	5.4	5.4	5.5	5.5	5.7	6.5	7.4	5.3	7.1	82.5	3.6	2.8	2.9
Bottom 10 Avg.	4.3	7.3	4.5	4.4	4.2	4.3	4.3	4.3	4.4	4.5	4.5	5.4	6.3	4.2	6.1	78.1	2.8	1.9	1.8
September Consensus	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Number of Forecasts Changed From A Month Ago:																			
Down	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Same	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Up	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Diffusion Index	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %

International Interest Rate And Foreign Exchange Rate Forecasts

United States

	3 Mo. Euro Dollar Rate			10 Yr. Gov't Bond Yield %			Fed's Major Currency $ Index		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	5.30	4.80	4.40	4.65	4.55	4.40	79.7	79.2	77.8
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	5.30	5.10	4.50	4.70	4.50	4.50	79.0	78.0	77.0
ING Financial Markets	5.00	4.70	4.30	4.40	4.30	4.50	78.6	76.6	79.4
Mizuho Research Institute	5.20	5.15	5.15	4.60	4.55	4.60	79.4	79.2	80.2
October Consensus	**5.20**	**4.94**	**4.59**	**4.59**	**4.48**	**4.50**	**79.2**	**78.2**	**78.6**
High	5.30	5.15	5.15	4.70	4.55	4.60	79.7	79.2	80.2
Low	5.00	4.70	4.30	4.40	4.30	4.40	78.6	76.6	77.0
Last Months Avg.	5.34	5.17	4.75	4.98	4.89	4.66	78.9	77.7	77.3

Japan

	3 Mo. Euro Yen Rate			10 Yr. Gov't Bond Yield %			US $/Yen		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	0.65	0.65	0.90	2.00	2.15	2.25	110.0	110.0	105.0
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	0.70	1.00	1.20	2.00	2.20	2.40	112.0	108.0	105.0
ING Financial Markets	0.60	0.60	0.90	1.70	1.80	2.10	112.0	109.0	105.0
Mizuho Research Institute	0.45	0.70	0.80	1.90	2.00	2.10	112.0	108.0	109.0
October Consensus	**0.60**	**0.74**	**0.95**	**1.90**	**2.04**	**2.21**	**111.5**	**108.8**	**106.0**
High	0.70	1.00	1.20	2.00	2.20	2.40	112.0	110.0	109.0
Low	0.45	0.60	0.80	1.70	1.80	2.10	110.0	108.0	105.0
Last Months Avg.	0.52	0.65	0.83	1.91	1.99	2.12	110.0	107.2	103.2

United Kingdom

	3 Mo. Euro Sterling Rate			10 Yr. Gilt Yields %			Pound Sterling/US $		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	5.25	5.25	5.00	4.50	4.50	4.30	1.92	1.92	1.91
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	4.80	4.80	4.70	4.60	4.50	4.50	1.87	1.93	1.93
ING Financial Markets	5.20	5.00	4.65	4.70	4.60	4.55	1.95	2.00	1.94
Mizuho Research Institute	5.10	5.10	5.10	4.60	4.60	4.60	na	na	na
October Consensus	**5.09**	**5.04**	**4.86**	**4.60**	**4.55**	**4.49**	**1.91**	**1.95**	**1.93**
High	5.25	5.25	5.10	4.70	4.60	4.60	1.95	2.00	1.94
Low	4.80	4.80	4.65	4.50	4.50	4.30	1.87	1.92	1.91
Last Months Avg.	4.95	4.93	4.78	4.76	4.68	4.63	1.89	1.91	1.91

Switzerland

	3 Mo. Euro Franc Rate %			10 Yr. Gov't Bond Yield %			SF/US $		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	2.00	2.25	2.25	2.50	2.40	2.25	1.17	1.14	1.11
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	2.00	2.25	2.25	2.50	2.40	2.40	1.21	1.16	1.15
ING Financial Markets	2.10	2.30	2.45	2.45	2.40	2.50	1.17	1.13	1.13
Mizuho Research Institute	na	na	na	na	na	na	na	na	na
October Consensus	**2.03**	**2.27**	**2.32**	**2.48**	**2.40**	**2.38**	**1.18**	**1.14**	**1.13**
High	2.10	2.30	2.45	2.50	2.40	2.50	1.21	1.16	1.15
Low	2.00	2.25	2.25	2.45	2.40	2.25	1.17	1.13	1.11
Last Months Avg.	1.89	2.13	2.29	2.85	2.80	2.64	1.17	1.15	1.14

Canada

	3 Mo. Euro Dollar Rate			10 Yr. Gov't Bond Yield %			US $/C $		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	4.25	3.80	3.60	3.95	3.90	3.80	1.11	1.11	1.09
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	4.30	4.30	4.30	4.20	4.20	4.30	1.12	1.14	1.15
ING Financial Markets	4.40	4.15	4.28	3.90	3.80	3.75	1.09	1.08	1.20
Mizuho Research Institute	na	na	na	na	na	na	na	na	na
October Consensus	**4.32**	**4.08**	**4.06**	**4.02**	**3.97**	**3.95**	**1.11**	**1.11**	**1.15**
High	4.40	4.30	4.30	4.20	4.20	4.30	1.12	1.14	1.20
Low	4.25	3.80	3.60	3.90	3.80	3.75	1.09	1.08	1.09
Last Months Avg.	4.45	4.48	4.33	4.54	4.43	4.23	1.11	1.11	1.11

International Interest Rate And Foreign Exchange Rate Forecasts

Australia

Blue Chip Forecasters	3 Mo. Euro Dollar Rate In 3 Mo.	3 Mo. Euro Dollar Rate In 6 Mo.	3 Mo. Euro Dollar Rate In 12 Mo.	10 Yr. Gov't Bond Yield % In 3 Mo.	10 Yr. Gov't Bond Yield % In 6 Mo.	10 Yr. Gov't Bond Yield % In 12 Mo.	A $/US $ In 3 Mo.	A $/US $ In 6 Mo.	A $/US $ In 12 Mo.
Scotiabank	6.30	6.30	6.00	5.75	5.75	5.80	0.76	0.75	0.74
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	6.10	6.00	5.70	5.50	5.30	5.30	0.76	0.76	0.78
ING Financial Markets	6.25	6.25	5.80	5.60	5.60	5.60	0.78	0.80	0.77
Mizuho Research Institute	na	na	na	na	na	na	na	na	na
October Consensus	**6.22**	**6.18**	**5.83**	**5.62**	**5.55**	**5.57**	**0.77**	**0.77**	**0.76**
High	6.30	6.30	6.00	5.75	5.75	5.80	0.78	0.80	0.78
Low	6.10	6.00	5.70	5.50	5.30	5.30	0.76	0.75	0.74
Last Months Avg.	6.05	6.06	5.81	5.80	5.75	5.60	0.75	0.76	0.76

Eurozone

Blue Chip Forecasters	3 Mo. Euro Rate In 3 Mo.	3 Mo. Euro Rate In 6 Mo.	3 Mo. Euro Rate In 12 Mo.	10 Yr. Euro Bond Yield % In 3 Mo.	10 Yr. Euro Bond Yield % In 6 Mo.	10 Yr. Euro Bond Yield % In 12 Mo.	Euro/US $ In 3 Mo.	Euro/US $ In 6 Mo.	Euro/US $ In 12 Mo.
Scotiabank	3.85	4.10	3.85	3.75	3.85	3.75	1.30	1.32	1.33
Deutsche Bank	na	na	na	na	na	na	na	na	na
WestLB	3.40	3.60	3.50	3.80	3.70	3.70	1.29	1.35	1.35
ING Financial Markets	3.60	3.60	3.60	3.65	3.60	3.75	1.33	1.37	1.35
Mizuho Research Institute	3.50	3.60	3.60	na	na	na	1.31	1.30	1.28
October Consensus	**3.59**	**3.73**	**3.64**	**3.73**	**3.72**	**3.73**	**1.31**	**1.34**	**1.33**
High	3.85	4.10	3.85	3.80	3.85	3.75	1.33	1.37	1.35
Low	3.40	3.60	3.50	3.65	3.60	3.70	1.29	1.30	1.28
Last Months Avg.	3.39	3.49	3.58	4.05	4.06	3.88	1.31	1.34	1.33

10 Yr. Gov't Bond Yields %

Blue Chip Forecasters	Germany In 3 Mo.	Germany In 6 Mo.	Germany In 12 Mo.	France In 3 Mo.	France In 6 Mo.	France In 12 Mo.	Italy In 3 Mo.	Italy In 6 Mo.	Italy In 12 Mo.	Spain In 3 Mo.	Spain In 6 Mo.	Spain In 12 Mo.
Scotiabank	3.75	3.85	3.75	3.77	3.87	3.77	4.05	4.15	4.00	3.75	3.85	3.75
West LB	3.65	3.55	3.55	3.65	3.55	3.55	3.80	3.70	3.70	3.65	3.55	3.55
ING Financial Markets	3.65	3.60	3.75	3.65	2.60	2.75	3.90	3.85	0.85	3.65	3.60	3.75
Mizuho Research Institute	3.75	3.70	3.70	3.75	3.70	3.70	4.00	3.95	3.95	3.75	3.70	3.70
October Consensus	**3.70**	**3.68**	**3.69**	**3.71**	**3.43**	**3.44**	**3.94**	**3.91**	**3.13**	**3.70**	**3.68**	**3.69**
High	3.75	3.85	3.75	3.77	3.87	3.77	4.05	4.15	4.00	3.75	3.85	3.75
Low	3.65	3.55	3.55	3.65	2.60	2.75	3.80	3.70	0.85	3.65	3.55	3.55
Last Months Avg.	4.00	3.95	3.80	4.01	3.96	3.81	4.25	4.20	4.04	4.00	3.95	3.80

Consensus Forecasts 10-year Bond Yields vs U.S. Yield

	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-2.98	-2.69	-2.44	-2.29
United Kingdom	-0.11	0.01	0.07	-0.01
Switzerland	-2.22	-2.10	-2.08	-2.12
Canada	-0.60	-0.57	-0.51	-0.55
Australia	0.93	1.03	1.08	1.07
Germany	-0.92	-0.89	-0.80	-0.81
France	-0.91	-0.88	-1.05	-1.06
Italy	-0.65	-0.65	-0.58	-1.38
Spain	-0.92	-0.89	-0.80	-0.81
Eurozone	-0.85	-0.85	-0.76	-0.77

Consensus Forecasts 3 Mo. Interest Rates vs U.S. Rate

	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-4.97	-4.60	-5.68	-3.64
United Kingdom	-0.32	-0.11	0.10	0.27
Switzerland	-3.60	-3.17	-2.67	-2.27
Canada	-1.10	-0.88	-0.65	-0.53
Australia	0.73	1.02	1.25	1.25
Eurozone	-1.97	-1.61	-1.21	-0.95

Viewpoints: A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

Conundrum Redux?

We've been wrong in our call that US long-term yields would rise back to the 5% level — a level at which we turned neutral on bonds back in April. Ten-year note yields have tumbled by 65 basis points in the past ten weeks to just under 4.6%, a six-month low. At work are fears that the economy will weaken further, a decline in inflation expectations, and the expectation that the Fed thus will soon ease. In addition, I think strong overseas demand for US debt and sinking term premiums have also promoted the rally, hinting that elements of the bond market "conundrum" prevailing in 2004-2005 have come back.

Now, I'll be the first to concede that the economic news has been exceptionally bond-friendly, and that it may not reverse quickly. And I'll state clearly that this isn't the first time recently that I've pushed back against the rally. But because I still think the fundamental factors driving yields are likely to reverse, that strong overseas growth is likely to lift global yields, and with bond-market bullishness at a three-year high, I think the risk-reward tradeoff in the bond market is unfavorable, and I recommend selling.

Like a month ago, parsing yields into real and nominal components and uncovering what assumptions about the Fed are in the price is helpful to assess value. Real yields paced the rally until a month ago. On-the-run, real risk-free yields in the TIPS market stand at about 2.25%, down about 40 bp from their peaks at the end of June but slightly above their average of the past three years. It's hardly surprising that real yields have slipped back to their recent lows, given the housing slump, recently softer economic data, the pessimism in business surveys, and further production cuts announced by three motor vehicle manufacturers for the fourth quarter. These developments suggest that annualized US growth has slipped to about 2½% in the current quarter, somewhat below what we now think of as its trend rate of 3%, and these events also threaten fourth-quarter growth. Bond bulls think real yields have further to fall , and I would agree that if the economy weakens further, real yields could slide some more.

Recent inflation developments have been even more important than growth for the bond-market rally over the past month, as inflation compensation calculated from breakeven inflation (BEI) has tumbled by 30 basis points. The plunge in energy prices will sharply lower headline inflation, and likely has already brought down both surveyed measures of inflation expectations and BEIs. Indeed, overall monthly inflation readings likely will turn negative in September, and could be close to zero in October. And if energy prices have peaked after a 5-year escalation, as we expect, headline inflation measured by the CPI likely will fall below 2% over the coming year. Concurrently, long-term (five-to-ten-year) inflation expectations surveyed in the University of Michigan's canvass declined to 2.9% in September from 3.2% in August. The moderation in core inflation in July and August to 0.2% monthly from 0.3% in each of the prior four months also has calmed inflation concerns. And because the pass-through of higher energy quotes helped lift core inflation, it's logical to assume the decline in energy prices will reverse some of that pickup.

Calibrating inflation compensation from BEIs is problematic in historical context because TIPS were relatively new and less liquid five years ago, so TIPS yields (at constant maturity) then were some 75-100 bp higher than they are today. But at roughly 2.3%, neither the 10-year BEI nor the distant forward (5-year, 5-year forward) BEI at 2.5% seems way out of line with a realistic medium-term view of where inflation is headed. Still-lower inflation and inflation expectations could further depress BEIs and thus nominal yields.

However, the plunge in energy quotes — if it lasts — likely will also represent a powerful source of economic stimulus, just as the rise in energy prices was a headwind for growth earlier this year. If gasoline prices at the pump decline to about $2.25/gallon, as we expect, the 75-cent slide from the peak in early August would add roughly $100 billion annualized to consumer purchasing power. When coupled with the economy's improved income-generating capacity, the impact of hearty overseas growth on US exports, and a rebound in capital spending, I believe that this boost to consumer spending power will revive overall growth substantially above current market expectations. Moreover, I'm not convinced that the decline in energy quotes will quickly reverse the rise in core inflation. As I see it, the combination of the previous rise in inflation expectations, dwindling economic slack, and rising costs tilts core inflation risks higher over the next few months. That's a recipe for the Fed at least to stay on hold for several months or longer.

In contrast, the market now discounts a benign path for monetary policy. Pricing in the Treasury and eurodollar curves reflects a slight risk of Fed ease as early as November, a bigger chance of lower rates by January, and 75 basis points of ease by early 2008. Alternatively, one can look at the yield curve as a histogram or weighted average of three quite different growth, inflation, and policy scenarios. One to which I'm sympathetic is that growth will rebound and inflation concerns will resurface. A second is that the Fed will be on hold for the near future to keep growth below trend and to bring inflation down slowly. Finally, the third scenario assumes that weak growth and declining inflation mean that policymakers will ease by 150 bp or more. If the market is assigning a zero weight to the first scenario, any hint that the odds for such a scenario are rising will trigger higher yields.

The overseas demand for US Treasuries, strong through much of the 2003-2005 period, now seems to be making a comeback, especially from Japan. The reason isn't hard to find: As markets have reassessed the prospects for Japanese monetary policy in the wake of lower-than-expected inflation readings and questions about the vitality of Japanese growth, the yen carry trade has returned to favor. With funding costs of 25 bp, and the yen now expected to be stable or weak against the dollar, Japanese investors see 4½-4¾% 10-year US yields as far more attractive than the 1.6% available at home.

However, yield-hungry market participants may be ignoring the consequences of strong overseas growth for the US economy and for the global balance between saving and investment. We're betting that strong global growth will boost US net exports, thus contributing to improved US job and income gains. And the strength in overseas domestic demand implies that saving abroad — which might have in the past kept global real yields low — will now be better balanced by rising investment and consumption outlays. So while US-overseas yield spreads likely will continue to narrow in that context, the change in internal and external imbalances could also put a floor under US yields.

Moreover, volatility and thus apparently term premiums have sunk significantly since their peaks in May and June. Measured by the VIX index, equity market volatility has fallen by half in the past two months, and measured by the investment-grade credit default swap market, the cost of default protection has fallen by 7 bp over the same period. Three-month forward premiums for two-year swaption volatility have drifted lower, and risk appetite seems to have returned in full force to just about every asset class. Recent model- *(continued on next page)*

Viewpoints

A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

based data for term premiums — reflecting the volatility of both growth and inflation — have also drifted lower, despite the clear message from Fed officials that their next policy move is unclear. We think the 10-year, zero-coupon term premium has dipped all the way back to 18 basis points — a level last seen in January. In my view, that decline, along with the rise in risky asset prices, makes financial conditions more stimulative, not less so, and ought to make the Fed more inclined to firm monetary policy.

The upshot is that barring significantly weaker growth and lower inflation, I find it difficult to rationalize today's pricing along the maturity spectrum. Sentiment in the bond market understandably has turned bullish, but it is now at a 3-year high. Positioning, according to commitments of traders data, is also unashamedly bullish. The sharp rally last week on rumors about comments from former Fed Chairman Greenspan and on weakness in the Philly Fed's Business Outlook Survey testifies to the current bullish frenzy. As I see it, therefore, risks in the bond market are asymmetric: Continued weak economic news may promote a further rally, but any turnaround in growth and signs that inflation is moving higher again will promote a substantial sell-off.

Richard Berner, Morgan Stanley, New York, NY

Tactical Retreat

We are making a further concession in our Fed call, dropping the October rate hike and leaving only one final hike at the January meeting. Thereafter we expect the Fed to be on hold through the end of 2007 as growth remains below trend, but core inflation remains stubbornly high. Our Fed call remains much more hawkish than the 70 bp of easing priced into the bond market over the next 12 months.

When Fed officials made their case for a policy pause back in July, we felt their story did not add up. They acknowledged the pick-up in core inflation, but argued that a slowing to trend growth and a flattening out of commodity prices would quickly reverse the inflation acceleration. Moreover, while they downplayed the risks of a housing meltdown, they noted that a policy pause was prudent to avoid the risk of "overshooting"—inadvertently tightening too much.

We disagreed with the Fed's view and argued that they were misrepresenting the normal lag relationships in the economy. Inflation is a long-lagging process and reversing a pick-up in inflation normally requires a painful period of significantly weaker growth. Furthermore, policy overshooting only occurs if the tightening of policy causes restraint in asset markets. Despite 17 rate hikes, outside of the housing sector, financial and asset market conditions had improved. By downplaying the risks to the housing market the Fed was denying the most plausible overshooting mechanism. In our minds, a perfect soft landing for growth, inflation and the housing seemed a bit too good to be true.

In the last two months, the case for a policy pause has grown. A big imbalance between supply and demand has developed in the housing market, with sellers refusing to cut prices and buyers waiting for the cuts to emerge. Until this game of "chicken" ends, there will be considerable uncertainty about the path of home prices. The new home market is also out of equilibrium. Builders have seen their impressive backlog of unfilled orders quickly turn into unwanted inventories as buyers easily wiggle out of contracts. Until this inventory overhang is worked off, construction activity will continue to fall. Other indicators of financial conditions remain favorable—interest rates are low, credit spreads are narrow, profits and corporate cash are strong, the stock market is improving and lending standards remain easy—but until housing shows signs of bottoming, the overall growth outlook remains uncertain.

On the inflation side, a long string of bad news has given way to very mixed data, ranging from a sudden drop in energy prices to surging unit labor cost data. Given the lags in the process, core inflation is still likely to rise in the coming months, but there is at least a plausible case that inflation could ease back next year.

Until the growth and inflation uncertainties are sorted out, the Fed is likely to remain on hold with a bias to tighten. By January we expect the uncertainty to abate, with the housing market showing signs of stability and core inflation continuing to creep higher, causing one final reluctant rate hike from the Fed. Our call remains well removed from market expectations. According to the Fediscope model, between now and January the market now sees a much higher chance of a rate cut than a rate increase. Looking further out, the market expects the Fed to cut rates 70 bp over the next 12 months. We believe such an outcome is only likely if there is a complete meltdown in the housing market and a quick cooling of core inflation.

A natural question is "why stop here"? Why not follow the market's lead and argue for rate cuts? There are three reasons to believe policy risks remain to the upside. First, we don't believe a bubble in one-third of the housing market is enough to bring down the overall economy. Prices will fall in the overheated markets, but in much of the country as buyers return, prices will start rising. Second, the economy is exhibiting strong automatic stabilizers. As growth has softened, interest rates have come down, the dollar has weakened and energy prices have eased. All of this cushions the blow from housing. Third, the bond market is much too optimistic about inflation. Yes, weaker growth and softer commodity prices will eventually curb inflation, but the lags are long and inflation will probably get worse before it gets better.

Ethan Harris, Lehman Brothers, New York, NY

FOMC on the Sidelines

With signs of slower growth accumulating and inflation data behaving better, all but one voting member of the FOMC elected to keep rates on hold for a second meeting. The exception was, once again, Richmond Fed President Jeffrey Lacker. His dissent, along with continued description of inflation as "elevated" and a clear indication that bias remained on the side of more tightening if needed, lent the statement a slightly more hawkish tone than we had expected.

Nonetheless, market participants have clearly decided that the Fed is finished with its tightening campaign. After Thursday's sharp drop in the Philly Fed index, the market is now pricing in about a 25% chance of easing by the January 2007 meeting.

We agree with the market that the Fed has finished, not just paused. With real growth tracking at a 2% annual rate or below in the third quarter, the emerging downside risks to the economy are likely to eclipse inflation concerns fairly soon. That said, the degree to which inflation has disappeared from the market's radar screen is a bit surprising to us. The spread between nominal and inflation-indexed Treasuries has dropped precipitously, to below 2.20% per year over five years and to 2.33% per year over ten years, from roughly 2.6% in June and July. We wouldn't be surprised by another uncomfortable (+0.3%) core CPI reading or two in coming months, given continued pressures from rental prices and labor costs.

Andrew Tilton, Goldman Sachs, New York, NY

Special Questions:

1. Please provide your forecasts of the seasonally-adjusted annualized percent change in the following variables during Q3 2006?

	Real GDP	Chained GDP Price Index	Consumer Price Index
Consensus	2.3%	2.7%	3.3%
Top 10 Average	3.0%	3.3%	4.0%
Bottom 10 Average	1.7%	2.1%	2.4%

2. A. Will the next change in the target federal funds rate by the Federal Open Market Committee (FOMC) be an INCREASE or DECREASE?

(Percentage of those responding)

Increase	Decrease
25.5%	74.5%

B. If you said DECREASE, when will the FOMC first cut rates?

(Percentage of those responding)

Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007 or later
5.7%	45.7%	34.3%	8.6%	5.7%

3. In August, the Consumer Price Index excluding food and energy prices (core CPI) was 2.8% higher on a year-over-year basis. What will be the 12-month change in the core CPI in December 2006 and December 2007?

12-month change in core CPI in:

	December 2006	December 2007
October Consensus	2.8%	2.4%
Top 10 Average	3.2%	2.8%
Bottom 10 Average	2.5%	1.9%
September Consensus	2.8%	2.4%
August Consensus	2.8%	2.4%
July Consensus	2.6%	2.3%

4. A. Will the 10-year Treasury note yield END 2007 higher or lower than where it begins 2007?

(Percentage of those responding)

Higher	Lower
68.2%	31.8%

B. Will the trade-weighted value of the U.S. dollar END 2007 higher or lower than where it begins 2007?

(Percentage of those responding)

Higher	Lower
24.4%	75.6%

5. Real residential investment contracted in each of the past three quarters and almost certainly will do so again in Q3. In what quarter will we next see real residential investment register positive annualized growth?

(Percentage of those responding)

Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007 or later
2.2%	6.5%	10.9%	32.6%	47.8%

6. What are the odds of a U.S. recession in 2007?

	Odds of U.S. recession in 2007
October Consensus	27.2%
Top 10 Average	39.5%
Bottom 10 Average	17.0%
September Consensus	26.5%
July Consensus	22.2%

Databank:

2006

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	3.0	-0.8	0.7	0.7	0.2	-0.5	1.4	0.2				
Total Auto & Truck Sales (b)	17.6	16.5	16.5	16.7	16.0	16.2	17.1	16.0				
Personal Income (a, current $)	0.8	0.3	0.5	0.7	0.4	0.6	0.5	0.3				
Personal Consumption (a, current $)	0.9	0.5	0.5	0.6	0.7	0.3	0.8	0.1				
Consumer Credit (e)	4.1	2.1	0.7	5.7	8.2	7.3	2.8					
Consumer Sentiment (U. of Mich.)	91.2	86.7	88.9	87.4	79.1	84.9	84.7	82.0				
Household Employment (c)	295	183	384	47	288	387	-34	250				
Non-farm Payroll Employment (c)	154	200	175	112	100	134	121	128				
Unemployment Rate (%)	4.7	4.8	4.7	4.7	4.6	4.6	4.8	4.7				
Average Hourly Earnings ('82$)	8.17	8.20	8.19	8.18	8.15	8.17	8.17					
Average Hourly Earnings (current $)	16.40	16.47	16.51	16.61	16.62	16.69	16.77	16.79				
Non-farm Workweek (hrs.)	33.8	33.8	33.8	33.9	33.8	33.9	33.9	33.8				
Industrial Production (d)	3.2	3.1	3.6	4.6	4.5	4.7	5.2	5.0				
Capacity Utilization (%)	80.9	81.1	81.3	81.8	81.7	82.5	82.7	82.4				
ISM Index (formerly NAPM, g)	54.8	56.7	55.2	57.3	54.4	53.8	54.7	54.5				
Housing Starts (b)	2.265	2.132	1.972	1.832	1.953	1.833	1.772	1.665				
Housing Permits (b)	2.195	2.147	2.085	1.973	1.946	1.869	1.763	1.722				
New Home Sales (1-family, c)	1.173	1.038	1.121	1.121	1.101	1.091	1.009	1.050				
Construction Expenditures (a)	0.0	0.5	1.0	0.2	-0.4	0.4	-1.8					
Consumer Price Index (s.a., d)	4.0	3.6	3.4	3.5	4.2	4.3	4.1	3.8				
CPI ex. Food and Energy (s.a., d)	2.1	2.1	2.1	2.3	2.4	2.6	2.7	2.8				
Producer Price Index (n.s.a., d)	5.6	3.9	3.6	4.1	4.5	4.9	4.2	3.7				
Durable Goods Orders (a)	-7.8	3.6	6.0	-4.7	0.3	3.3	-2.7	-0.5				
Leading Economic Indicators (g)	0.4	-0.5	0.4	-0.1	-0.5	0.1	-0.2	-0.2				
Balance of Trade & Services (f)	-66.3	-62.7	-62.1	-63.6	-65.4	-64.8	-68.0					
Federal Funds Rate (%)	4.29	4.49	4.59	4.79	4.94	4.99	5.24	5.25				
3-Mo. Treasury Bill Rate (%)	4.24	4.54	4.51	4.60	4.72	4.79	4.95	4.96				
10-Year Treasury Note Yield (%)	4.42	4.57	4.72	4.99	5.11	5.11	5.09	4.88				

2005

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.0	0.7	0.3	1.8	-0.3	1.9	1.7	-1.8	0.3	0.2	0.9	0.3
Total Auto & Truck Sales (b)	16.3	16.4	16.8	17.2	16.6	17.8	20.7	16.8	16.3	14.7	15.7	17.1
Personal Income (a, current $)	-2.3	0.3	0.2	0.5	0.3	0.5	0.8	-1.8	2.9	0.5	0.2	0.5
Personal Consumption (a, current $)	0.1	0.6	0.6	1.0	-0.1	0.9	1.3	-0.1	0.6	0.3	0.1	0.4
Consumer Credit (e)	6.5	3.4	3.8	1.7	-0.1	8.4	5.6	6.5	2.8	-4.0	0.0	1.1
Consumer Sentiment (U. of Mich.)	95.5	94.1	92.6	87.7	86.9	96.0	96.5	89.1	76.9	74.2	81.6	91.5
Household Employment (c)	101	31	316	595	375	179	361	314	10	190	-14	168
Non-farm Payroll Employment (c)	76	265	140	228	106	166	241	175	48	37	354	145
Unemployment Rate (%)	5.2	5.4	5.1	5.1	5.1	5.0	5.0	4.9	5.1	4.9	5.0	4.9
Average Hourly Earnings ('82$)	8.24	8.22	8.19	8.16	8.19	8.21	8.20	8.16	8.06	8.09	8.15	8.20
Average Hourly Earnings (current $)	15.88	15.91	15.95	16.00	16.03	16.07	16.14	16.16	16.19	16.28	16.28	16.35
Non-farm Workweek (hrs.)	33.7	33.7	33.7	33.8	33.7	33.7	33.7	33.7	33.8	33.8	33.8	33.8
Industrial Production (d)	4.1	3.8	4.0	3.1	2.3	3.7	3.1	3.1	2.0	2.6	3.2	3.5
Capacity Utilization (%)	79.8	80.0	79.9	79.7	79.8	80.3	80.2	80.3	79.1	79.9	80.5	81.2
ISM Index (formerly NAPM, g)	56.3	55.6	55.3	53.8	51.8	54.0	56.4	53.5	58.0	58.1	57.3	55.6
Housing Starts (b)	2.137	2.213	1.856	2.079	2.034	2.078	2.070	2.075	2.158	2.046	2.131	2.002
Housing Permits (b)	2.141	2.121	2.083	2.156	2.092	2.169	2.186	2.185	2.21	2.111	2.170	2.094
New Home Sales (1-family, b)	1.193	1.252	1.324	1.270	1.311	1.272	1.367	1.271	1.253	1.346	1.236	1.259
Construction Expenditures (a)	1.0	1.8	1.3	-0.3	1.8	2.1	1.2	0.8	1.0	0.9	0.9	1.0
Consumer Price Index (s.a., d)	3.0	3.0	3.1	3.5	2.8	2.5	3.2	3.6	4.7	4.3	3.5	3.4
CPI ex. Food and Energy (s.a., d)	2.3	2.4	2.3	2.2	2.2	2.0	2.1	2.1	2.0	2.1	2.1	2.2
Producer Price Index (n.s.a., d)	4.1	4.7	5.0	4.8	3.6	3.7	4.7	5.3	6.9	5.9	4.4	5.4
Durable Goods Orders (a)	-0.9	1.2	-1.7	1.1	7.0	1.2	-5.5	4.5	-1.6	3.2	4.4	0.9
Leading Economic Indicators (g)	-0.1	0.3	-0.7	0.2	0.0	1.1	-0.1	0.0	-0.7	1.0	0.9	0.3
Balance of Trade & Services (f)	-56.6	-57.5	-54.0	-57.0	-56.6	-58.4	-58.1	-58.7	-65.0	-66.6	-64.0	-64.2
Federal Funds Rate (%)	2.28	2.50	2.63	2.79	3.00	3.04	3.26	3.50	3.62	3.78	4.00	4.16
3-Mo. Treasury Bill Rate (%)	2.33	2.54	2.74	2.78	2.84	2.97	3.22	3.44	3.42	3.71	3.88	3.89
10-Year Treasury Note Yield (%)	4.22	4.17	4.50	4.34	4.14	4.00	4.18	4.26	4.20	4.46	4.54	4.47

(a) month-over-month % change; (b) millions, saar; (c) thousands, saar; (d) year-over-year % change; (e) annualized % change; (f) $ billions; (g) level. Most series are subject to frequent government revisions. Use with care.

Calendar Of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
October 2 ISM (Mfg., Sep) Unit Vehicle Sales (Sep) Construction Spending (Aug) Pending Home Sales (Aug)	**3** Challenger Survey (Sep) ABC Consumer Comfort Index Weekly Store Sales	**4** ISM (Sep., Non-Mfg.) Factory Orders (Aug) EIA Crude Oil Stocks Mortgage Applications	**5** Monster Employment Index (Sep) Weekly Jobless Claims Factors Affecting Monetary Reserves	**6** Employment Report (Sep) Consumer Credit (Aug)
9	**10** Wholesale Trade (Aug) ABC Consumer Comfort Index Weekly Store Sales	**11** FOMC Minutes for September 20th meeting Beige Book for October 24th FOMC meeting Weekly Store Sales Mortgage Applications	**12** U.S. Trade (Aug) EIA Crude Oil Stocks Weekly Jobless Claims Factors Affecting Monetary Reserves	**13** Retail Sales (Sep) Consumer Sentiment (University of Michigan, preliminary, Oct) Business Inventories (Aug)Consumer Credit (Jul) Treasury Budget (Sep) Bank Credit (Sep) Trade Price Indices (Sep)
16 Empire State Index (Oct)	**17** Producer Price Index (Sep) Industrial Production (Sep) NAHB Housing Market Index (Oct) Weekly Store Sales ABC Consumer Comfort Index Net Foreign Security Purchases (Aug)	**18** Consumer Price Index (Sep) Housing Starts (Sep) EIA Crude Oil Stocks Mortgage Applications	**19** Philadelphia Fed Index (Oct) Leading Economic Indicators (Sep) Weekly Jobless Claims Factors Affecting Monetary Reserves	**20**
23	**24** **FOMC Meeting** Weekly Store Sales ABC Consumer Comfort Index	**25** **FOMC Policy Announcement** Existing Home Sales ((Sep) EIA Crude Oil Stocks Mortgage Applications	**26** Durable Goods Orders (Sep) New Home Sales (Sep) Weekly Jobless Claims Factors Affecting Monetary Reserves	**27** GDP (Q3, Advance) Consumer Sentiment (Oct., final, University of Michigan)
30 Personal Income and Consumption (Sep)	**31** Chicago PMI (Oct) Employment Cost Index (Q3) Agricultural Prices (Oct) Consumer Confidence (Oct, Conference Board) ABC Consumer Comfort Index Weekly Store Sales	**November 1** ISM (Manufacturing, Oct) Unit auto Sales (Oct) Construction Spending (Sep) EIA Crude Oil Stocks Mortgage Applications Weekly Store Sales	**2** Monster employment Index (Oct) Challenger Survey (Oct) Factory Orders (Sep) Productivity (Q3, Preliminary) Weekly Jobless Claims Factors Affecting Monetary Reserves	**3** Employment Report (Oct) ISM (Non-Manufacturing, Oct)
6	**7** Consumer Credit (Sep) ABC Consumer Comfort Index Weekly Store Sales	**8** EIA Crude Oil Stocks Mortgage Applications	**9** U.S. Trade (Sep)\Trade Price Indexes (Oct)Wholesale Trade (Sep) Consumer Sentiment (Preliminary Nov., University of Michigan) Weekly Jobless Claims Factors Affecting Monetary Reserves	**10** Bank Credit (Oct)

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A rated Public Utility Bonds
over 20-Year Treasuries

Year	A-rated Public Utility	20-Year Treasuries Yield	Spread
Dec-98	6.91%	5.36%	1.55%
Jan-99	6.97%	5.45%	1.52%
Feb-99	7.09%	5.66%	1.43%
Mar-99	7.26%	5.87%	1.39%
Apr-99	7.22%	5.82%	1.40%
May-99	7.47%	6.08%	1.39%
Jun-99	7.74%	6.36%	1.38%
Jul-99	7.71%	6.28%	1.43%
Aug-99	7.91%	6.43%	1.48%
Sep-99	7.93%	6.50%	1.43%
Oct-99	8.06%	6.66%	1.40%
Nov-99	7.94%	6.48%	1.46%
Dec-99	8.14%	6.69%	1.45%
Jan-00	8.35%	6.86%	1.49%
Feb-00	8.25%	6.54%	1.71%
Mar-00	8.28%	6.38%	1.90%
Apr-00	8.29%	6.18%	2.11%
May-00	8.70%	6.55%	2.15%
Jun-00	8.36%	6.28%	2.08%
Jul-00	8.25%	6.20%	2.05%
Aug-00	8.13%	6.02%	2.11%
Sep-00	8.23%	6.09%	2.14%
Oct-00	8.14%	6.04%	2.10%
Nov-00	8.11%	5.98%	2.13%
Dec-00	7.84%	5.64%	2.20%
Jan-01	7.80%	5.65%	2.15%
Feb-01	7.74%	5.62%	2.12%
Mar-01	7.68%	5.49%	2.19%
Apr-01	7.94%	5.78%	2.16%
May-01	7.99%	5.92%	2.07%
Jun-01	7.85%	5.82%	2.03%
Jul-01	7.78%	5.75%	2.03%
Aug-01	7.59%	5.58%	2.01%
Sep-01	7.75%	5.53%	2.22%
Oct-01	7.63%	5.34%	2.29%
Nov-01	7.57%	5.33%	2.24%
Dec-01	7.83%	5.76%	2.07%
Jan-02	7.66%	5.69%	1.97%
Feb-02	7.54%	5.61%	1.93%
Mar-02	7.76%	5.93%	1.83%
Apr-02	7.57%	5.85%	1.72%
May-02	7.52%	5.81%	1.71%
Jun-02	7.42%	5.65%	1.77%
Jul-02	7.31%	5.51%	1.80%
Aug-02	7.17%	5.19%	1.98%
Sep-02	7.08%	4.87%	2.21%
Oct-02	7.23%	5.00%	2.23%
Nov-02	7.14%	5.04%	2.10%
Dec-02	7.07%	5.01%	2.06%
Jan-03	7.07%	5.02%	2.05%
Feb-03	6.93%	4.87%	2.06%
Mar-03	6.79%	4.82%	1.97%
Apr-03	6.64%	4.91%	1.73%
May-03	6.36%	4.52%	1.84%
Jun-03	6.21%	4.34%	1.87%
Jul-03	6.57%	4.92%	1.65%
Aug-03	6.78%	5.39%	1.39%
Sep-03	6.56%	5.21%	1.35%
Oct-03	6.43%	5.21%	1.22%
Nov-03	6.37%	5.17%	1.20%
Dec-03	6.27%	5.11%	1.16%
Jan-04	6.15%	5.01%	1.14%
Feb-04	6.15%	4.94%	1.21%
Mar-04	5.97%	4.72%	1.25%
Apr-04	6.35%	5.16%	1.19%
May-04	6.62%	5.46%	1.16%
Jun-04	6.46%	5.45%	1.01%
Jul-04	6.27%	5.24%	1.03%
Aug-04	6.14%	5.07%	1.07%
Sep-04	5.98%	4.89%	1.09%
Oct-04	5.94%	4.85%	1.09%
Nov-04	5.97%	4.89%	1.08%
Dec-04	5.92%	4.88%	1.04%
Jan-05	5.78%	4.77%	1.01%
Feb-05	5.61%	4.61%	1.00%
Mar-05	5.83%	4.89%	0.94%
Apr-05	5.64%	4.75%	0.89%
May-05	5.53%	4.56%	0.97%
Jun-05	5.40%	4.35%	1.05%
Jul-05	5.51%	4.48%	1.03%
Aug-05	5.50%	4.53%	0.97%
Sep-05	5.52%	4.51%	1.01%
Oct-05	5.79%	4.74%	1.05%
Nov-05	5.88%	4.83%	1.05%
Dec-05	5.80%	4.73%	1.07%
Jan-06	5.75%	4.65%	1.10%
Feb-06	5.82%	4.73%	1.09%
Mar-06	5.98%	4.91%	1.07%
Apr-06	6.29%	5.22%	1.07%
May-06	6.42%	5.35%	1.07%
Jun-06	6.40%	5.29%	1.11%
Jul-06	6.37%	5.25%	1.12%
Aug-06	6.20%	5.08%	1.12%
Aug-06	6.00%	4.93%	1.07%

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 98

The questions in this section refer to the testimony of Paul R. Moul:

With reference to page 48, lines 4-21, Attachment PRM-13, and Appendix I, please provide (a) documentation on the methodology used by Value Line in calculating betas, (b) the data used to make the beta adjustments, and (3) all empirical studies that support the use of leverage-adjusted betas such as proposed by Mr. Moul. Please provide the data in hard copy and electronic formats (Microsoft Excel), with all data and equations left intact. In addition, please indicate the source of the data.

Response of Columbia Gas of Kentucky:

(a) Value Line describes its procedure to calculate its betas as follows:

> ***Beta***—a relative measure of the historical sensitivity of the stock's price to overall fluctuations in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is derived from a regression analysis of the relationship between weekly percentage changes in the price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are adjusted for their long-term tendency to converge toward 1.00.
>
> From Mr. Moul's experience, the adjustment procedure apparently includes approximately two-thirds weight assigned to the calculated beta and one-third weight assigned to the market beta of 1.0.

(b) Please refer to the schedule that is attached to the response to AG 95.

(3) Please refer to the article by Robert S. Hamada that is attached.

THE EFFECT OF THE FIRM'S CAPITAL STRUCTURE ON THE SYSTEMATIC RISK OF COMMON STOCKS

Robert S. Hamada*

I. Introduction

Only recently has there been an interest in relating the issues historically associated with corporation finance to those historically associated with investment and portfolio analyses. In fact, rigorous theoretical attempts in this direction were made only since the capital asset pricing model of Sharpe [13], Lintner [6], and Mossin [11], itself an extension of the Markowitz [7] portfolio theory. This study is one of the first empirical works consciously attempting to show and test the relationships between the two fields. In addition, differences in the observed systematic or nondiversifiable risk of common stocks, β, have never really been analyzed before by investigating some of the underlying differences in the firms.

In the capital asset pricing model, it was demonstrated that the efficient set of portfolios to any individual investor will always be some combination of lending at the risk-free rate and the "market portfolio," or borrowing at the risk-free rate and the "market portfolio." At the same time, the Modigliani and Miller (MM) propositions [9, 10] on the effect of corporate leverage are well known to the students of corporation finance. In order for their propositions to hold, personal leverage is required to be a perfect substitute for corporate leverage. If this is true, then corporate borrowing could substitute for personal borrowing in the capital asset pricing model as well.

Both in the pricing model and the MM theory, borrowing, from whatever source, while maintaining a fixed amount of equity, increases the risk to the investor. Therefore, in the mean-standard deviation version of the capital asset pricing model, the covariance of the asset's rate of return with the market portfolio's rate of return (which measures the nondiversifiable risk of the asset—the proxy β will be used to measure this) should be greater for the stock of a firm with a higher debt-equity ratio than for the stock of another firm in the same risk-class with a lower debt-equity ratio.[1]

This study, then, has a number of purposes. First, we shall attempt to link empirically corporation finance issues with portfolio and security analyses through the effect of a firm's leverage on the systematic risk of its common

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1. This very quick summary of the theoretical relationship between what is known as corporation finance and the modern investment and portfolio analyses centered around the capital asset pricing model is more thoroughly presented in [5], along with the necessary assumptions required for this relationship.

stock. Then, we shall attempt to test the MM theory, or at least provide another piece of evidence on this long-standing controversial issue. This test will not rely on an explicit valuation model, such as the MM study of the electric utility industry [8] and the Brown study of the railroad industry [2]. A procedure using systematic risk measures (β s) has been worked out in this paper for this purpose.

If the MM theory is validated by this procedure, then the final purpose of this study is to demonstrate a method for estimating the cost of capital of individual firms to be used by them for scale-changing or nondiversifying investment projects. The primary component of any firm's cost of capital is the capitalization rate for the firm if the firm had no debt and preferred stock in its capital structure. Since most firms do have fixed commitment obligations, this capitalization rate (we shall call it $E(R_A)$; MM denote it ρ^τ) is unobservable. But if the MM theory and the capital asset pricing model are correct, then it is possible to estimate $E(R_A)$ from the systematic risk approach for individual firms, even if these firms are members of a one-firm risk-class.[2]

With this statement of the purposes for this study, we shall, in Section II, discuss the alternative general procedures that are possible for estimating the effect of leverage on systematic risk and select the most feasible ones. The results are presented in Section III. And finally, tests of the MM versus the traditional theories of corporation finance are presented in Section IV.

II. Some Possible Procedures and the Selected Estimating Relationships

There are at least four general procedures that can be used to estimate the effect of the firm's capital structure on the systematic risk of common stocks. The first is the MM valuation model approach. By estimating ρ^τ with an explicit valuation model as they have for the electric utility industry, it is possible to relate this ρ^τ with the use of the capital asset pricing model to a nonleveraged systematic risk measure, ${}_A\beta$. Then the difference between the observed common stock's systematic risk (which we shall denote ${}_B\beta$) and ${}_A\beta$ would be due solely to leverage. But the difficulties of this approach for all firms are many.

The MM valuation model approach requires the specification, in advance, of risk-classes. All firms in a risk-class are then assumed to have the same ρ^τ—the capitalization rate for an all-common equity firm. Unfortunately, there must be enough firms in a risk-class so that a cross-section analysis will yield statistically significant coefficients. There may not be many more risk-classes (with enough observations) now that the electric utility and railroad industries have been studied. In addition, the MM approach requires estimating expected asset earnings and estimating the capitalized growth potential implicit in stock prices. If it is possible to consider growth and expected earnings without having

2. It is, in fact, this last purpose of making applicable and practical some of the implications of the capital asset pricing model for corporation finance issues that provided the initial motivation for this paper. In this context, if one is familiar with the fair rate of return literature for regulated utilities, for example, an industry where debt is so prevalent, adjusting correctly for leverage is not frequently done and can be very critical.

to specify their exact magnitude at a specific point in time, considerable difficulty and possible measurement errors will be avoided.

The second approach is to run a regression between the observed systematic risk of a stock and a number of accounting and leverage variables in an attempt to explain this observed systematic risk. Unfortunately, without a theory, we do not know which variables to include and which variables to exclude and whether the relationship is linear, multiplicative, exponential, curvilinear, etc. Therefore, this method will also not be used.

A third approach is to measure the systematic risk before and after a new debt issue. The difference can then be attributed to the debt issue directly. An attractive feature of this procedure is that a good estimate of the market value of the incremental debt issue can be obtained. A number of disadvantages, unfortunately, are associated with this direct approach. The difference in the systematic risk may be due not only to the additional debt, but also to the reason the debt was issued. It may be used to finance a new investment project, in which case the project's characteristics will also be reflected in the new systematic risk measure. In addition, the new debt issue may have been anticipated by the market if the firm had some long-run target leverage ratio which this issue will help maintain; conversely, the market may not fully consider the new debt issue if it believes the increase in leverage is only temporary. For these reasons, this seemingly attractive procedure will not be employed.

The last approach, which will be used in this study, is to assume the validity of the MM theory from the outset. Then the observed rate of return of a stock can be adjusted to what *it would have been* over the same time period had the firm no debt and preferred stock in its capital structure. The difference between the observed systematic risk, ${}_B\beta$, and the systematic risk for this adjusted rate of return time series, ${}_A\beta$, can be attributed to leverage, if the MM theory is correct. The final step, then, is to test the MM theory.

To discuss this more specifically, consider the following relationship for the dollar return to the common shareholder from period $t-1$ to t:

$$(X-I)_t(1-\tau)_t - p_t + \Delta G_t = d_t + cg_t \tag{1}$$

where X_t represents earnings before taxes, interest, and preferred dividends and is assumed to be unaffected by fixed commitment obligations; I_t represents interest and other fixed charges paid during the period; τ is the corporation income tax rate; p_t is the preferred dividends paid; ΔG_t represents the change in capitalized growth over the period; and d_t and cg_t are common shareholder dividends and capital gains during the period, respectively.

Equation (1) relates the corporation finance types of variables with the market holding period return important to the investors. The first term on the left-hand-side of (1) is profits after taxes and after interest which is the earnings the common and preferred shareholders receive on their investment for the period. Subtracting out p_t leaves us with the earnings the common shareholder would receive from currently-held assets.

To this must be added any change in capitalized growth since we are trying to explain the common shareholder's market holding period dollar return. ΔG_t

must be added for growth firms to the current period's profits from existing assets since capitalized growth opportunities of the firm—future earnings from new assets over and above the firm's cost of capital which are already reflected in the stock price at $(t-1)$—should change over the period and would accrue to the common shareholder. Assuming shareholders at the start of the period estimated these growth opportunities on average correctly, the expected value of ΔG_t would not be zero, but should be positive. For example, consider growth opportunities five years from now which yield more than the going rate of return and are reflected in today's stock price. These growth opportunities will become one year closer to fruition at time t than at time $t-1$ so that their present value would become larger. ΔG_t then represents this increase in the present value of these future opportunities simply because it is now four years away rather than five.[3]

Since the systematic risk of a common stock is:

$$_B\beta = \frac{\text{cov}\,(R_{B_t}, R_{M_t})}{\sigma^2(R_{M_t})} \tag{2}$$

where R_{B_t} is the common shareholder's rate of return and R_{M_t} is the rate of return on the market portfolio, then substitution of (1) into (2) yields:

$$_B\beta = \frac{\text{cov}\left[\dfrac{(X-I)(1-\tau)_t - p_t + \Delta G_t}{S_{B_{t-1}}}, R_{M_t}\right]}{\sigma^2(R_{M_t})} \tag{2a}$$

where $S_{B_{t-1}}$ denotes the market value of the common stock at the beginning of the period.

The systematic risk for the same firm over the same period *if* there were no debt and preferred stock in its capital structure is:

$$_A\beta = \frac{\text{cov}(R_{A_t}, R_{M_t})}{\sigma^2(R_{M_t})}$$

$$= \frac{\text{cov}\left[\dfrac{X(1-\tau)_t + \Delta G_t}{S_{A_{t-1}}}, R_{M_t}\right]}{\sigma^2(R_{M_t})} \tag{3}$$

where R_{A_t} and $S_{A_{t-1}}$ represent the rate of return and the market value, respectively, to the common shareholder if the firm had no debt and preferred stock. From (3), we can obtain:

$$_A\beta S_{A_{t-1}} = \frac{\text{cov}\,[X(1-\tau)_t + \Delta G_t, R_{M_t}]}{\sigma^2(R_{M_t})} \tag{3a}$$

3. Continual awareness of the difficulties of estimating capitalized growth, or changes in growth, especially in conjunction with leverage considerations, for purposes such as valuation or cost of capital is a characteristic common to students of corporation finance. This is the reason for the emphasis on growth in this paper and for presenting a method to neutralize for differences in growth when comparing rates of return.

Next, by expanding and rearranging (2a), we have:

$$_{B}\beta S_{B_{t-1}} = \frac{\operatorname{cov}[X(1-\tau)_t + \Delta G_t, R_{M_t}]}{\sigma^2(R_{M_t})} - \frac{\operatorname{cov}[I(1-\tau)_t, R_{M_t}]}{\sigma^2(R_{M_t})} - \frac{\operatorname{cov}(p_t, R_{M_t})}{\sigma^2(R_{M_t})} \tag{2b}$$

If we assume as an empirical approximation that interest and preferred dividends have negligible covariance with the market, at least relative to the (pure equity) common stock's covariance, then substitution of the LHS of (3a) into the RHS of (2b) yields:[4]

$$_{B}\beta S_{B_{t-1}} = {}_{A}\beta S_{A_{t-1}} \tag{4}$$

or

$$_{A}\beta = \left(\frac{S_B}{S_A}\right)_{t-1} {}_{B}\beta \tag{4a}$$

Because $S_{A_{t-1}}$, the market value of common stock *if* the firm had no debt and preferred stock, is not observable since most firms do have debt and/or preferred stock, a theory is required in order to measure what this quantity *would have been* at $t-1$. The MM theory [10] will be employed for this purpose, that is:

$$S_{A_{t-1}} = (V - \tau D)_{t-1}. \tag{5}$$

Equation (5) indicates that if the Federal government tax subsidy for debt financing, τD, where D is the market value of debt, is subtracted from the observed market value of the firm, V_{t-1} (where V_{t-1} is the sum of S_B, D and the observed market value of preferred), then the market value of an unleveraged firm is obtained. Underlying (5) is the assumption that the firm is near its target leverage ratio so that no more or no less debt subsidy is capitalized already into the observed stock price. The conditions under which this MM relationship hold are discussed carefully in [4].

It is at this point that problems in obtaining satisfactory estimates of $_{A}\beta$ develop, since (4) theoretically holds only for the next period. As a practical matter, the accepted, and seemingly acceptable, method of obtaining estimates of a stock's systematic risk, $_{B}\beta$, is to run a least squares regression between a stock's and market portfolio's *historical* rates of return. Using past data for $_{B}\beta$, it is not clear which *period's* ratio of market values to apply in (4a) to estimate the firm's systematic risk, $_{A}\beta$. There would be no problem if the market value ratios of debt to equity and preferred stock to equity remained relatively stable over the past for each firm, but a cursory look at these data reveals that this is not true for the large majority of firms in our sample. Should we use the market value ratio required in (4a) that was observed at the start of our regression period, at the end of our regression period, or some kind of average over the period? In addition, since these different observed ratios will give us different estimates for $_{A}\beta$, it is not clear, without some criterion, how we should select from among the various estimates.

4. This general method of arriving at (4) was suggested by the comments of William Sharpe, one of the discussants of this paper at the annual meeting. A much more cumbersome and less general derivation of (4) was in the earlier version.

It is for this purpose—to obtain a standard—that a more cumbersome and more data demanding approach to obtain estimates of ${}_A\beta$ is suggested. Given the large fluctuations in market leverage ratios, intuitively it would appear that the firm's risk is more stable than the common stock's risk. In that event, a leverage-free rate of return time series for each firm should be derived and the market model applied to this time series directly. In this manner, the beta coefficient would give us a *direct* estimate of ${}_A\beta$ which can then be used as a criterion to determine if any of the market value ratios discussed above can be applied to (4a) successfully.

For this purpose, the "would-have-been" rate of return for the common stock if the firm had no debt and preferred is:

$$R_{A_t} = \frac{X_t(1-\tau)_t + \Delta G_t}{S_{A_{t-1}}}. \tag{6}$$

The numerator of (6) can be rearranged to be:

$$X_t(1-\tau)_t + \Delta G_t \equiv [(X-I)_t(1-\tau)_t - p_t + \Delta G_t] + p_t + I_t(1-\tau)_t.$$

Substituting (1):

$$X_t(1-\tau)_t + \Delta G_t = [d_t + cg_t] + p_t + I_t(1-\tau)_t.$$

Therefore, (6) can be written as:

$$R_{A_t} = \frac{d_t + cg_t + p_t + I_t(1-\tau)_t}{S_{A_{t-1}}}. \tag{7}$$

Since $S_{A_{t-1}}$ is unobservable for the firms with leverage, the MM theory, equation (5), will be employed; then:

$$R_{A_t} = \frac{d_t + cg_t + p_t + I_t(1-\tau)_t}{(V-\tau D)_{t-1}}. \tag{8}$$

The observed rate of return on the common stock is, of course:

$$R_{B_t} = \frac{(X-I)_t(1-\tau)_t - p_t + \Delta G_t}{S_{B_{t-1}}} = \frac{d_t + cg_t}{S_{B_{t-1}}}. \tag{9}$$

Equation (8) is the rate of return to the common shareholder of the same firm and over the same period of time as (9). However, in (8) there are the underlying assumptions that the firm never had any debt and preferred stock and that the MM theory is correct; (9) incorporates the exact amount of debt and preferred stock that the firm actually did have over this time period and no leverage assumption is being made. Both (8) and (9) are now in forms where they can be measured with available data. One can note that it is unnecessary to estimate the change in growth, or earnings from current assets, since these should be captured in the market holding period return, $d_t + cg_t$.

Using CRSP data for (9) and both CRSP and Compustat data for the components of (8), a time series of yearly R_{A_t} and R_{B_t} for $t = 1948\text{-}1967$ were derived for 304 different firms. These 304 firms represent an exhaustive sample of the firms with complete data on both tapes for all the years.

A number of "market model" [1, 12] variants were then applied to these data. For each of the 304 firms, the following regressions were run:

$$R_{Ait} = {}_A\alpha_i + {}_A\beta_i R_{Mt} + {}_A\epsilon_{it} \tag{10a}$$

$$R_{Bit} = {}_B\alpha_i + {}_B\beta_i R_{Mt} + {}_B\epsilon_{it} \tag{10b}$$

$$\ln(1 + R_{Ait}) = {}_{AC}\alpha_i + {}_{AC}\beta_i \ln(1 + R_{M_t}) + {}_{AC}\epsilon_{it} \tag{10c}$$

$$\ln(1 + R_{Bit}) = {}_{BC}\alpha_i + {}_{BC}\beta_i \ln(1 + R_{M_t}) + {}_{BC}\epsilon_{it} \tag{10d}$$

$$i = 1, 2, \ldots, 304$$
$$t = 1948\text{-}1967$$

where R_{Mt} is the observed NYSE arithmetic stock market rate of return with dividends reinvested, α_i and β_i are constants for each firm-regression, and the usual conditions are assumed for the properties of the disturbance terms, ϵ_{it}. Equations (10c) and (10d) are the continuously-compounded rate of return versions of (10a) and (10b), respectively.[5]

III. The Results

An abbreviated table of the regression results for each of the four variants, equations (10a)-(10d), summarized across the 304 firms is shown in Table 1.

The first column designated "mean" is the average of the statistic (indicated by the rows) over all 304 firms. Therefore, the mean ${}_A\hat{\alpha}$ of 0.0221 is the intercept term of equation (10a) averaged over 304 different firm-regressions. The second and third columns give the deviation measures indicated, of the 304 point estimates of, say, ${}_A\hat{\alpha}$. The mean standard error of estimate in the last column is the average over 304 firms of the individual standard errors of estimate.

The major conclusion drawn from Table 1 is the following mean β comparisons:

$${}_B\hat{\beta} > {}_A\hat{\beta}, \text{ i.e., } 0.9190 > 0.7030$$

$${}_{BC}\hat{\beta} > {}_{AC}\hat{\beta}, \text{ i.e., } 0.9183 > 0.7263.$$

The directional results of these betas, assuming the validity of the MM theory, are not imperceptible and clearly are not negligible differences from the investor's point of view. This is obtained in spite of all the measurement and data problems associated with estimating a time series of the RHS of (8) for

5. Because the R_{M_t} used in equations (10) is defined as the observed stock market return, and since adjusting for capital structure is the major purpose of this exercise, it was decided that the same four regressions should be replicated on a leverage-adjusted stock market rate of return. The major reason for this additional adjustment is the belief that the rates of return over time and their relationship with the market are more stable when we can abstract from all changes in leverage and get at the underlying risk of all firms.

For the 221 firms (out of the total 304) whose fiscal years coincide with the calendar year, average values for the components of the RHS of (8) were obtained for each year so that R_{M_t} could be adjusted in the same way as for the individual firms—a yearly time series of stock market rates of return, if all the firms on the NYSE had no debt and no preferred in their capital structure, was derived. The results, when using this adjusted market portfolio rate of return time series, were not very different from the results of equations (10), and so will not be reported here separately.

TABLE 1
SUMMARY RESULTS OVER 304 FIRMS OF EQUATIONS (10a)-(10d)

	Mean	Mean Absolute Deviation*	Standard Deviation	Mean Standard Error of Estimate
${}_A\hat{\alpha}$	0.0221	0.0431	0.0537	0.0558
${}_A\hat{\beta}$	0.7030	0.2660	0.3485	0.2130
${}_A\hat{R}^2$	0.3799	0.1577	0.1896	
${}_A\hat{\rho}$	0.0314			
${}_B\hat{\alpha}$	0.0187	0.0571	0.0714	0.0720
${}_B\hat{\beta}$	0.9190	0.3550	0.4478	0.2746
${}_B\hat{R}^2$	0.3864	0.1578	0.1905	
${}_B\hat{\rho}$	0.0281			
${}_{AC}\hat{\alpha}$	0.0058	0.0427	0.0535	0.0461
${}_{AC}\hat{\beta}$	0.7263	0.2700	0.3442	0.2081
${}_{AC}\hat{R}^2$	0.3933	0.1586	0.1909	
${}_{AC}\hat{\rho}$	0.0268			
${}_{BC}\hat{\alpha}$	−0.0052	0.0580	0.0729	0.0574
${}_{BC}\hat{\beta}$	0.9183	0.3426	0.4216	0.2591
${}_{BC}\hat{R}^2$	0.4012	0.1602	0.1922	
${}_{BC}\hat{\rho}$	0.0262			

* Defined as: $\dfrac{\sum_{i=1}^{N} |x_i - \bar{x}|}{N}$, where $N = 304$. $\hat{\rho}$ = first order serial correlation coefficient.

each firm. One of the reasons for the "traditional" theory position on leverage is precisely this point—that small and reasonable amounts of leverage cannot be discerned by the market. In fact, if the MM theory is correct, leverage has explained as much as, roughly, 21 to 24 per cent of the value of the mean β.

We can also note that if the covariance between the asset and market rates of return, as well as the market variance, was constant over time, then the systematic risk from the market model is related to the expected rate of return by the capital asset pricing model. That is:

$$E(R_{A_t}) = R_{F_t} + {}_A\beta[E(R_{M_t}) - R_{F_t}] \tag{11a}$$

$$E(R_{B_t}) = R_{F_t} + {}_B\beta[E(R_{M_t}) - R_{F_t}] \tag{11b}$$

Equation (11a) indicates the relationship between the expected rate of return for the common stock shareholder of a debt-free and preferred-free firm, to the systematic risk, ${}_A\beta$, as obtained in regressions (10a) or (10c). The LHS of (11a) is the important $\rho\tau$ for the MM cost of capital. The MM theory [9, 10] also predicts that shareholder expected yield must be higher (for the same real firm) when the firm has debt than when it does not. Financial risk is greater, therefore, shareholders require more expected return. Thus, $E(R_{B_t})$ must be greater than $E(R_{A_t})$. In order for this MM prediction to be true, from (11a) and (11b) it can be observed that ${}_B\beta$ must be greater than ${}_A\beta$, which is what we obtained.

Using the results underlying Table 1, namely the firm and stock betas, as the criterion for selecting among the possible observed market value ratios that can be used, if any, for (4), the following cross-section regressions were run:

$$({}_{B}\beta)_i = a_1 + b_1\left(\frac{S_A}{S_B}\,{}_{A}\beta\right)_i + u_{1i} \qquad i = 1, 2, \ldots, 102 \qquad (12a)$$

$$({}_{BC}\beta)_i = a_2 + b_2\left(\frac{S_A}{S_B}\,{}_{AC}\beta\right)_i + u_{2i} \qquad i = 1, 2, \ldots, 102 \qquad (12b)$$

$$({}_{A}\beta)_i = a_3 + b_3\left(\frac{S_B}{S_A}\,{}_{B}\beta\right)_i + u_{3i} \qquad i = 1, 2, \ldots, 102 \qquad (13a)$$

$$({}_{AC}\beta)_i = a_4 + b_4\left(\frac{S_B}{S_A}\,{}_{BC}\beta\right)_i + u_{4i} \qquad i = 1, 2, \ldots, 102 \qquad (13b)$$

Because the preferred stock market values were not as reliable as debt, only the 102 firms (out of 304) that did not have preferred in any of the years were used. The test for the adequacy of this alternative approach, equation (4), to adjust the systematic risk of common stocks for the underlying firm's capital structure, is whether the intercept term, a, is equal to zero, and the slope coefficient, b, is equal to one in the above regressions (as well as, of course, a high R^2)—these requirements are implied by (4). The results of this test would also indicate whether future "market model" studies that only use common stock rates of return without adjusting, or even noting, for the firm's debt-equity ratio will be adequate. The total firm's systematic risk may be stable (as long as the firm stays in the same risk-class), whereas the common stock's systematic risk may not be stable merely because of unanticipated capital structure changes—the data underlying Table 3 indicate that there were very few firms which did not have major changes in their capital structure over the twenty years studied.

The results of these regressions, when using the average S_A and average S_B over the twenty years for each firm, are shown in the first column panel of Table 2. These regressions were then replicated twice, first using the December 31, 1947 values of S_{A_i} and S_{B_i} instead of the twenty-year average for each firm, and then substituting the December 31, 1966 values of S_{A_i} and S_{B_i} for the 1947 values. These results are in the second and third panels of Table 2.[6]

From the first panel of Table 2, it appears that this alternative approach via (4a) for adjusting the systematic risk for the firm's leverage is quite

6. The point should be made that we are not merely regressing a variable on itself in (12) and (13). (12a) and (12b) can be interpreted as correlating the ${}_{B}\beta_i$ obtained from (10b) and (10d)—the LHS variable in (12a) and (12b)—against the ${}_{B}\beta_i$ obtained from rearranging (4)—the RHS variable in (12a) and (12b)—to determine whether the use of (4) is as good a means of obtaining ${}_{B}\beta_i$ as the direct way via the equations (10). We would be regressing a variable on itself only if the ${}_{A}\beta_i$ were calculated using (4a), and then the ${}_{A}\beta_i$ thus obtained, inserted into (12a) and (12b).

Instead, we are obtaining ${}_{A}\beta_i$ using the MM model in *each* of the twenty years so that a leverage-adjusted 20 year time series of R_{A_i} is derived. Of course, if there were no data nor measurement problems, and if the debt-to-equity ratio were perfectly stable over this twenty year period for each firm, then we should obtain perfect correlation in (12a) and (12b), with a = 0 and b = 1, as (4) would be an identity.

TABLE 2

Results for the Equations (12a), (12b), (13a), and (13b)*

	Using 20-Year Average for $\left(\frac{S_A}{S_B}\right)_i$			Using 1947 Value for $\left(\frac{S_A}{S_B}\right)_i$			Using 1966 Value for $\left(\frac{S_A}{S_B}\right)_i$		
	a	b	R^2	a	b	R^2	a	b	R^2
Eq. (12a)	−0.022 (0.021)	1.062 (0.021)	0.962	0.150 (0.048)	0.842 (0.045)	0.781	0.085 (0.041)	0.905 (0.038)	0.849
	constant suppressed	1.042 (0.009)	0.962	constant suppressed	0.966 (0.021)	0.781	constant suppressed	0.976 (0.017)	0.849
Eq. (12b)	−0.003 (0.013)	1.016 (0.013)	0.984	0.159 (0.047)	0.816 (0.044)	0.773	0.124 (0.037)	0.843 (0.034)	0.859
	constant suppressed	1.014 (0.005)	0.984	constant suppressed	0.952 (0.019)	0.773	constant suppressed	0.947 (0.015)	0.859

	Using 20-Year Average for $\left(\frac{S_B}{S_A}\right)_i$			Using 1947 Value for $\left(\frac{S_B}{S_A}\right)_i$			Using 1966 Value for $\left(\frac{S_B}{S_A}\right)_i$		
	a	b	R^2	a	b	R^2	a	b	R^2
Eq. (13a)	0.030 (0.016)	0.931 (0.017)	0.969	0.112 (0.028)	0.843 (0.030)	0.888	0.080 (0.027)	0.898 (0.030)	0.902
	constant suppressed	0.960 (0.007)	0.969	constant suppressed	0.948 (0.015)	0.888	constant suppressed	0.976 (0.014)	0.902
Eq. (13b)	0.007 (0.010)	0.979 (0.011)	0.988	0.119 (0.026)	0.852 (0.028)	0.902	0.063 (0.026)	0.942 (0.029)	0.911
	constant suppressed	1.004 (0.012)	0.911	constant suppressed	0.967 (0.013)	0.902	constant suppressed	1.005 (0.012)	0.911

* Standard error in parentheses.

satisfactory (at least with respect to our sample of firms and years) only if long-run averages of S_A and S_B are used. The second and third panels indicate that the equations (8) and (10) procedure is markedly superior when only one year's market value ratio is used as the adjustment factor. The annual debt-to-equity ratio is much too unstable for this latter procedure.

Thus, when forecasting systematic risk is the primary objective—for example, for portfolio decisions or for estimating the firm's cost of capital to apply to prospective projects—a long-run forecasted leverage adjustment is required. Assuming the firm's risk is more stable than the common stock's risk,[7] and if there is some reason to believe that a better forecast of the firm's future leverage can be obtained than using simply a past year's (or an average of past years') leverage, it should be possible to improve the usual extrapolation forecast of a stock's systematic risk by forecasting the total firm's systematic risk first, and then using the independent leverage estimate as an adjustment.

IV. Tests of the MM vs. Traditional Theories of Corporation Finance

To determine if the difference, ${}_B\beta - {}_A\beta$, found in this study is indeed the correct effect of leverage, some confirmation of the MM theory (since it was assumed to be correct up to this point) from the systematic risk approach is needed. Since a direct test by this approach seems impossible, an indirect, inferential test is suggested.

The MM theory [9, 10] predicts that for firms in the same risk-class, the capitalization rate if all the firms were financed with only common equity, $E(R_A)$, would be the same—regardless of the actual amount of debt and preferred each individual firm had. This would imply, from (11a), that if $E(R_A)$ must be the same for all firms in a risk-class, so must ${}_A\beta$. And if these firms had different ratios of fixed commitment obligations to common equity, this difference in financial risk would cause their observed ${}_B\beta$s to be different.

The major competing theory of corporation finance is what is now known as the "traditional theory," which has contrary implications. This theory predicts that the capitalization rate for common equity, $E(R_B)$, (sometimes called the required or expected stock yield, or expected earnings-price ratio) is constant, as debt is increased, up to some critical leverage point (this point being a function of gambler's ruin and bankruptcy costs).[8] The clear implication of this constant, horizontal, equity yield (or their initial downward sloping cost of capital curve) is that changes in market or covariability risk are assumed not to be discernible to the shareholders as debt is increased. Then the traditional theory is saying that the ${}_B\beta$s, a measure of this covariability risk, would be the same for all firms in a given risk-class irregardless of differences in leverage, as long as the critical leverage point is not reached.

Since there will always be unavoidable errors in estimating the β's of indi-

7. A faint, but possible, empirical indication of this point may be obtained from Table 1. The ratio of the mean point estimate to the mean standard error of estimate is less for the firm β than for the stock β in both the discrete and continuously compounded cases.

8. This interpretation of the traditional theory can be found in [9, especially their figure 2, page 275, and their equation (13) and footnote 24 where reference is made to Durand and Graham and Dodd].

TABLE 3
INDUSTRY MARKET VALUE RATIOS OF PREFERRED STOCK (P) AND DEBT (D) TO COMMON STOCK (S)

Industry Number	Industry	Number of Firms			P/S			D/S			$\frac{P+D}{S}$	
20	Food and Kindred Products	30	Mean*		0.22			0.81			1.04	
			ROM**	0.00		1.18	0.00		3.55	0.00		4.13
			ROCR***	0.00		2.52	0.00		8.10	0.00		10.01
28	Chemicals and Allied Products	30	Mean		0.07			0.25			0.33	
			ROM	0.00		0.51	0.00		0.90	0.00		1.20
			ROCR	0.00		1.54	0.00		2.07	0.00		2.92
29	Petroleum and Coal Products	18	Mean		0.06			0.22			0.27	
			ROM	0.00		0.26	0.00		0.55	0.03		0.57
			ROCR	0.00		0.83	0.00		1.54	0.00		2.30
33	Primary Metals	21	Mean		0.14			0.54			0.68	
			ROM	0.00		1.31	0.00		1.95	0.00		3.04
			ROCR	0.00		4.69	0.00		6.20	0.00		7.49
35	Machinery, except Electrical	28	Mean		0.07			0.33			0.40	
			ROM	0.00		0.49	0.00		1.92	0.00		2.32
			ROCR	0.00		1.28	0.00		6.92	0.00		7.62

TABLE 3 (*Continued*)

Industry Number	Industry	Number of Firms		P/S			D/S			$\frac{P+D}{S}$		
36	Electrical Machinery & Equipment	13	Mean		0.06			0.35			0.41	
			ROM	0.00		0.29	0.00		1.31	0.01		1.33
			ROCR	0.00		1.13	0.00		2.53	0.00		2.53
37	Transportation Equipment	24	Mean		0.08			0.38			0.47	
			ROM	0.00		0.54	0.00		0.93	0.00		1.32
			ROCR	0.00		2.33	0.00		3.76	0.00		6.09
49	Utilities	27	Mean		0.25			1.03			1.28	
			ROM	0.00		0.53	0.49		2.64	0.52		3.12
			ROCR	0.00		3.12	0.12		16.40	0.12		19.52
53	Dep't Stores, Order Houses & Vending Mach. Operators	17	Mean		0.13			0.49			0.62	
			ROM	0.00		0.38	0.01		1.52	0.01		1.87
			ROCR	0.00		1.09	0.00		3.19	0.00		3.66

* "Mean" refers to the average ratio over 20 years and over all firms in the industry.
** "Range of Means" (ROM) refers to the lowest firm's mean (over 20 years) ratio and the highest firm's mean (over 20 years) ratio in the industry.
*** "Range of Company Ranges" (ROCR) refers to the lowest and highest ratio in the industry, regardless of the year.

vidual firms and in specifying a risk-class, we would not expect to find a set of firms with identical systematic risk. But by specifying reasonable a priori risk-classes, if the individual firms had closer or less scattered $_A\beta$s than $_B\beta$s, then this would support the MM theory and contradict the traditional theory. If, instead, the $_B\beta$s were not discernibly more diverse than the $_A\beta$s, and the leverage ratio differed considerably among firms, then this would indicate support for the traditional theory.[9]

In order to test this implication, risk-classes must be first specified. The SEC two-digit industry classification was used for this purpose. Requiring enough firms for statistical reasons in any given industry, nine risk-classes were specified that had at least 13 firms; these nine classes are listed in Table 3 with their various leverage ratios.[10] It is clear from this table that our first requirement is met—that there is a considerable range of leverage ratios among firms in a risk-class and also over the twenty-year period.

Three tests will be performed to distinguish between the MM and traditional theories. The first is simply to calculate the standard deviation of the unbiased β estimates in a risk-class. The second is a chi-square test of the distribution of β's in an industry compared to the distribution of the β's in the total sample. Finally, an analysis of variance test on the estimated variance of the β's between industries, as opposed to within industries, is performed. In all tests, only the point estimate of β (which should be unbiased) for each stock and firm is used.[11]

The first test is reported in Table 4. If we compare the standard deviation of $_{AC}\beta$ with the standard deviation of $_{BC}\beta$ by industries (or risk-classes), we can note that $\sigma(_{AC}\beta)$ is less than $\sigma(_{BC}\beta)$ for eight out of the nine classes. The probability of obtaining this is only 0.0195, given a 50% probability that $\sigma(_{AC}\beta)$ can be larger or smaller than $\sigma(_{BC}\beta)$. These results indicate that the systematic risk of the firms in a given risk-class, if they were all financed only with common equity, is much less diverse than their observed stock's systematic risk. This supports the MM theory, at least in contrast to the traditional theory.[12]

9. The traditional theory also implies that $E(R_A)$ is equal to $E(R_B)$ for all firms. Unfortunately, we do not have a functional relationship between these traditional theory capitalization rates and the measured βs of this study. Clearly, since the $_A\beta$s were obtained assuming the validity of the MM theory, they would not be applicable for the traditional theory. In fact, no relationship between the $_A\beta$ and $_B\beta$ for a given firm, or for firms in a given risk-class, can be specified as was done for the capitalization rates.

10. The tenth largest industry had only eight firms. For our purpose of testing the uniformity of firm βs relative to stock βs within a risk-class, the use of the two-digit industry classification as a proxy does not seem as critical as, for instance, its use for the purpose of performing an MM valuation model study [8] wherein the ρ^{τ} must be pre-specified to be exactly the same for all firms in the industry.

11. Since these βs are estimated in the market model regressions with error, precise testing should incorporate the errors in the β estimation. Unfortunately, to do this is extremely difficult and more importantly, requires the normality assumption for the market model disturbance term. Since there is considerable evidence that is contrary to this required assumption [see 3], our tests will ignore the β measurement error entirely. But ignoring this is partially corrected in our first and third tests since means and variances of these point estimate βs must be calculated, and this procedure will "average out" the individual measurement errors by the factor 1/N.

12. Of course, there could always be another theory, as yet not formulated, which could be even

TABLE 4
MEAN AND STANDARD DEVIATION OF INDUSTRY β'S

Industry Number	Industry	Number of Firms		$_A\beta$	$_B\beta$	$_{AC}\beta$	$_{BC}\beta$
20	Food & Kindred Products	30	Mean β	0.515	0.815	0.528	0.806
			σ(β)	0.232	0.448	0.227	0.424
28	Chemicals & Allied Products	30	Mean β	0.747	0.928	0.785	0.946
			σ(β)	0.237	0.391	0.216	0.329
29	Petroleum & Coal Products	18	Mean β	0.633	0.747	0.656	0.756
			σ(β)	0.144	0.188	0.148	0.176
33	Primary Metals	21	Mean β	1.036	1.399	1.106	1.436
			σ(β)	0.223	0.272	0.197	0.268
35	Machinery, except Electrical	28	Mean β	0.878	1.037	0.917	1.068
			σ(β)	0.262	0.240	0.271	0.259
36	Electrical Machinery and Equipment	13	Mean β	0.940	1.234	0.951	1.164
			σ(β)	0.320	0.505	0.283	0.363
37	Transportation Equipment	24	Mean β	0.860	1.062	0.875	1.048
			σ(β)	0.225	0.313	0.225	0.289
49	Utilities	27	Mean β	0.160	0.255	0.166	0.254
			σ(β)	0.086	0.133	0.098	0.147
53	Department Stores, etc.	17	Mean β	0.652	0.901	0.692	0.923
			σ(β)	0.187	0.282	0.198	0.279

Our second test, the chi-square test, requires us to rank our 300 $_A\beta$s into ten equal categories, each with 30 $_A\beta$s (four miscellaneous firms were taken out randomly). By noting the value of the highest and lowest $_A\beta$ for each of the ten categories, a distribution of the number of $_A\beta$s in each category, by risk-class, can be obtained. This was then repeated for the other three betas. To test whether the distribution for each of the four β's and for each of the risk-classes follows the expected uniform distribution, a chi-square test was performed.[13]

Even with just casual inspection of these distributions of the betas by risk-class, it is clear that two industries, primary metals and utilities, are so highly skewed that they greatly exaggerate our results.[14] Eliminating these

more strongly supported than the MM theory. If we compare $\sigma(_A\beta)$ to $\sigma(_B\beta)$ by risk-classes in Table 4, precisely the same results are obtained as those reported above for the continuously-compounded betas.

13. By risk-classes, seven of the nine chi-square values of $_A\beta$ are larger than those of $_B\beta$, as are eight out of nine for the continuously-compounded betas. This would occur by chance with probabilities of 0.0898 and 0.0195, respectively, if there were a 50% chance that either the firm or stock chi-square value could be larger. Nevertheless, if we inspect the individual chi-square values by risk-class, we note that most of them are large so that the probabilities of obtaining these values are highly unlikely. For all four βs, the distributions for most of the risk-classes are nonuniform.

14. Primary metals have extremely large betas; utilities have extremely small betas.

two industries, and also two miscellaneous firms so that an even 250 firms are in the sample, new upper and lower values of the β's were obtained for each of the ten class intervals and for each of the four β's.

In Table 5, the chi-square values are presented; for the total of all risk-classes, the probability of obtaining a chi-square value less than 120.63 is over 99.95% (for $_{A}\beta$), whereas the probability of obtaining a chi-square value less than 99.75 is between 99.5% and 99.9% (for $_{B}\beta$). More sharply contrasting results are obtained when $_{AC}\beta$ is compared to $_{BC}\beta$. For $_{AC}\beta$, the probability of obtaining less than 128.47 is over 99.95%, whereas for $_{BC}\beta$, the probability of obtaining less than 78.65 is only 90.0%. By abstracting from financial risk, the underlying systematic risk is much less scattered when grouped into risk-classes than when leverage is assumed not to affect the systematic risk. The null hypothesis that the β's in a risk-class come from the same distribution as all β's is rejected for $_{AC}\beta$, but not for $_{BC}\beta$ (at the 90% level). Although this, in itself, does not tell us *how* a risk-class differs from the total market, an inspection of the distributions of the betas by risk-class underlying Table 5 does indicate more clustering of the $_{AC}\beta$s than the $_{BC}\beta$s so that the MM theory is again favored over the traditional theory.

The analysis of variance test is our last comparison of the implications of the two theories. The ratio of the estimated variance between industries to the estimated variance within the industries (the F-statistic) when the seven

TABLE 5
CHI-SQUARE RESULTS FOR ALL β'S AND ALL INDUSTRIES (EXCEPT UTILITIES AND PRIMARY METALS)

Industry		$_{A}\beta$	$_{B}\beta$	$_{AC}\beta$	$_{BC}\beta$
Food and Kindred	Chi-Square	18.67	11.33	26.00	9.33
	$P\{\chi^2 <\}$* =	95-97.5%	70-75%	99.5-99.9%	50-60%
Chemicals	Chi-Square	9.33	10.67	12.00	7.33
	$P\{\chi^2 <\}$ =	50-60%	60-70%	75-80%	30-40%
Petroleum	Chi-Square	17.56	25.33	18.67	22.00
	$P\{\chi^2 <\}$ =	95-97.5%	99.5-99.9%	95-97.5%	99-99.5%
Machinery	Chi-Square	19.14	12.00	24.86	9.14
	$P\{\chi^2 <\}$ =	97.5-98%	75-80%	99.5-99.9%	50-60%
Electrical Machinery	Chi-Square	13.92	7.77	12.38	9.31
	$P\{\chi^2 <\}$ =	80-90%	40-50%	80-90%	50-60%
Transportation Equipment	Chi-Square	15.17	16.83	13.50	6.83
	$P\{\chi^2 <\}$ =	90-95%	90-95%	80-90%	30-40%
Dep't Stores	Chi-Square	14.18	3.59	14.18	3.59
	$P\{\chi^2 <\}$ =	80-90%	5-10%	80-90%	5-10%
Miscellaneous	Chi-Square	12.67	12.22	6.89	11.11
	$P\{\chi^2 <\}$ =	80-90%	80-90%	30-40%	70-75%
Total	Chi-Square	120.63	99.75	128.47	78.65
	$P\{\chi^2 <\}$ =	over 99.95%	99.5-99.90%	over 99.95%	90.0%

* Example: $P\{\chi^2 < 18.67\} = 95\text{-}97.5\%$ for 9 degrees of freedom.

industries are considered (again, the two obviously skewed industries, primary metals and utilities, were eliminated) is less for $_B\beta$ ($F = 3.90$) than for $_A\beta$ ($F = 9.99$), and less for $_{BC}\beta$ ($F = 4.18$) than for $_{AC}\beta$ ($F = 10.83$). The probability of obtaining these F-statistics for $_A\beta$ and $_{AC}\beta$ is less than 0.001, but for $_B\beta$ and $_{BC}\beta$ greater than or equal to 0.001. These results are consistent with the results obtained from our two previous tests. The MM theory is more compatible with the data than the traditional theory.[15]

V. Conclusions

This study attempted to tie together some of the notions associated with the field of corporation finance with those associated with security and portfolio analyses. Specifically, if the MM corporate tax leverage propositions are correct, then approximately 21 to 24% of the observed systematic risk of common stocks (when averaged over 304 firms) can be explained merely by the added financial risk taken on by the underlying firm with its use of debt and preferred stock. Corporate leverage does count considerably.

To determine whether the MM theory is correct, a number of tests on a contrasting implication of the MM and "traditional" theories of corporation finance were performed. The data confirmed MM's position, at least vis-à-vis our interpretation of the traditional theory's position. This should provide another piece of evidence on this controversial topic.

Finally, if the MM theory and the capital asset pricing model are correct, and if the adjustments made in equations (8) or (4a) result in accurate measures of the systematic risk of a leverage-free firm, the possibility is greater, without resorting to a fullblown risk-class study of the type MM did for the electric utility industry [8], of estimating the cost of capital for individual firms.

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15. All of our tests, it should be emphasized, although consistent, are only inferential. Aside from assuming that the two-digit SEC industry classification is a good proxy for risk-classes and that the errors in estimating the individual βs can be safely ignored, the tests rely on the two theories exhausting all the reasonable theories on leverage. But there is always the use of another line of reasoning. If the results of the MM electric utility study [8] are correct, and if these results can be generalized to all firms and to all risk-classes, then it can be claimed that the MM theory is universally valid. Then our result in Section III does indicate the correct effect of the firm's capital structure on the systematic risk of common stocks.

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Attorney General Data Request Set 1
Question No. **99**
Columbia Gas of Kentucky Respondent: **P.R. Moul**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 99

The questions in this section refer to the testimony of Paul R. Moul:

With reference to page 48, lines 4-21, Attachment PRM-13, and Appendix I, please (1) list all regulatory cases (by name, docket number, and filing date) in which Mr. Moul has provided rate of return testimony and proposed his CAPM-beta adjustment procedure, (2) indicate all cases (by name, docket number, and date), which a regulatory commission has adopted Mr. Moul's proposed CAPM-beta adjustment procedure in arriving at an overall rate of return, and (3) provide copies of the 'Rate of Return' section of the Commission's decisions for all cases in which a regulatory commission has adopted the adjustment.

Response of Columbia Gas of Kentucky:

(1) The first testimony that Mr. Moul offered where he compared the financial risk of the market capitalization to the book capitalization was Appalachian Power Company (Case No. 05-1278-E-PC-PW-42T). He has proposed this adjustment in all subsequent cases where it was warranted. The three most recent such cases filed prior to Columbia of Kentucky were Indiana-American Water Company (Cause No. 43187), Duquesne Light Company (Docket No. EL06-109-000 and ER06-1549-000), and Chesapeake Utilities Corporation (Case No. 9062).

(2) and (3)

Please refer to the attachment to the response to AG 93. In these orders, the Pennsylvania Public Utility Commission ("PPUC") used the same type of leverage adjustment as proposed here. However, the PPUC uses DCF to set the cost of equity and does not specifically cite its return in the context of the CAPM.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 100

The questions in this section refer to the testimony of Paul R. Moul:

With reference to page 50, lines 7-23, please (1) provide copies of the SBBI document that forms the basis for the small capitalization adjustment of 1.02%, (2) provide all data, work papers, source document, and calculations used in determining in the size adjustment of 1.02%. Please provide the data in hard copy and electronic formats (Microsoft Excel), with all data and equations left intact. In addition, please indicate the source of the data.

Response of Columbia Gas of Kentucky:

1) The requested document is attached.

2) Please refer to the Excel spreadsheet that is attached. The source of the data is each company's annual report/SEC Form 10-K, which can be obtained from the website of each company.

Stocks, Bonds, Bills, and Inflation

SBBI

2006 Yearbook

Market Results for 1926–2005

ibbotson

Size of the Deciles

Table 7-5 reveals that most of the market value of the stocks listed on the NYSE/AMEX/NASDAQ is represented by the top three deciles. Approximately two-thirds of the value is represented by the first decile, which currently consists of 169 stocks. The smallest decile represents just over one percent of the market value of the NYSE/AMEX/NASDAQ. The data in the second column of Table 7-5 are averages across all 80 years. Of course, the proportions represented by the various deciles vary from year to year.

In columns three and four are the number of companies and market capitalization. These present a snapshot of the structure of the deciles near the end of 2005.

The lower portion of Table 7-5 shows the largest firm in each decile and its market capitalization.

Table 7-5

Size-Decile Portfolios of the NYSE/AMEX/NASDAQ:
Bounds, Size, and Composition
from 1926 to 2005

Decile	Historical Average Percentage of Total Capitalization	Recent Number of Companies	Recent Decile Market Capitalization (in thousands)	Recent Percentage of Total Capitalization
1-Largest	63.29%	169	$8,869,801,117	60.92%
2	13.97%	182	2,025,323,685	13.91%
3	7.57%	195	1,074,448,763	7.38%
4	4.74%	206	656,297,080	4.51%
5	3.24%	207	452,329,097	3.11%
6	2.37%	238	389,595,517	2.68%
7	1.73%	299	319,642,175	2.20%
8	1.28%	352	287,783,718	1.98%
9	0.99%	693	268,738,291	1.85%
10-Smallest	0.81%	1,746	216,334,858	1.49%
Mid-Cap 3-5	15.55%	608	2,183,074,940	14.99%
Low-Cap 6-8	5.39%	889	997,021,410	6.85%
Micro-Cap 9-10	1.80%	2,439	485,073,149	3.33%

Source: Center for Research in Security Prices, University of Chicago.

Historical average percentage of total capitalization shows the average, over the last 80 years, of the decile market values as a percentage of the total NYSE/AMEX/NASDAQ calculated each month. Number of companies in deciles, recent market capitalization of deciles and recent percentage of total capitalization are as of September 30, 2005.

Decile	Recent Market Capitalization (in thousands)	Company Name
1-Largest	$367,495,144	General Electric Co.
2	16,016,450	Entergy Corp.
3	7,187,244	Chesapeake Energy Corp.
4	3,961,425	Ball Corp.
5	2,519,280	Celenese Corp.
6	1,728,888	AGCO Corp.
7	1,280,966	ESCO Technologies Inc.
8	872,103	West Pharmaceutical Services Inc.
9	586,393	General Cable Corp.
10-Smallest	264,981	4Kids Entertainment Inc.

Source: Center for Research in Security Prices, University of Chicago.

Market capitalization and name of largest company in each decile as of September 30, 2005.

Long-Term Returns in Excess of Risk

The Capital Asset Pricing Model (CAPM) does not fully account for the higher returns of small company stocks. Table 7-6 shows the returns in excess of risk over the past 80 years for each decile of the NYSE/AMEX/NASDAQ.

The CAPM *can be expressed* as follows:

$$k_s = r_f + (\beta_s \times ERP) \qquad (28)$$

where,

k_s = the expected return for company s;
r_f = *the expected return of the riskless asset;*
β_s = the beta of the stock of company s; and,
ERP = the expected equity risk premium, or the amount by which investors expect the future return on equities to exceed that on the riskless asset.

The amount of an asset's systematic risk is measured by its beta. A beta greater than 1 indicates that the security is riskier than the market, and according to the CAPM equation, investors are compensated for taking on this additional risk. However, based on historical return data on the NYSE/AMEX/NASDAQ decile portfolios, the smaller deciles have had returns that are not fully explainable by the CAPM. This return in excess of CAPM grows larger as one moves from the largest companies in decile 1 to the smallest in decile 10. The excess return is especially pronounced for micro-cap stocks (deciles 9–10). This size related phenomenon has prompted a revision to the CAPM that includes the addition of a size premium.

The CAPM is used here to calculate the CAPM return in excess of the riskless rate and to compare this estimate to historical performance. According to the CAPM, the return on a security should consist of the riskless rate plus an additional return to compensate for the systematic risk of the security. Table 7-6 uses the 80-year arithmetic mean income return component of 20-year government bonds as the historical riskless rate. (However, it is appropriate to match the maturity, or duration, of the riskless asset with the investment horizon.) This CAPM return in excess of the riskless rate is β (beta) multiplied by the realized equity risk premium. The realized equity risk premium is the return that compensates investors for taking on risk equal to the risk of the market as a whole (estimated by the 80-year arithmetic mean return on large company stocks, 12.30 percent, less the historical riskless rate, 5.22 percent). The difference between the excess return predicted by the CAPM and the realized excess return is the size premium, or return in excess of CAPM.

This phenomenon can also be viewed graphically, as depicted in the Graph 7-2. The security market line is based on the pure CAPM without adjusting for the size premium. Based on the risk (or beta) of a security, the expected return should fluctuate along the security market line. However, the expected returns for the smaller deciles of the NYSE/AMEX/NASDAQ lie above the line, indicating that these deciles have had returns in excess of their risk.

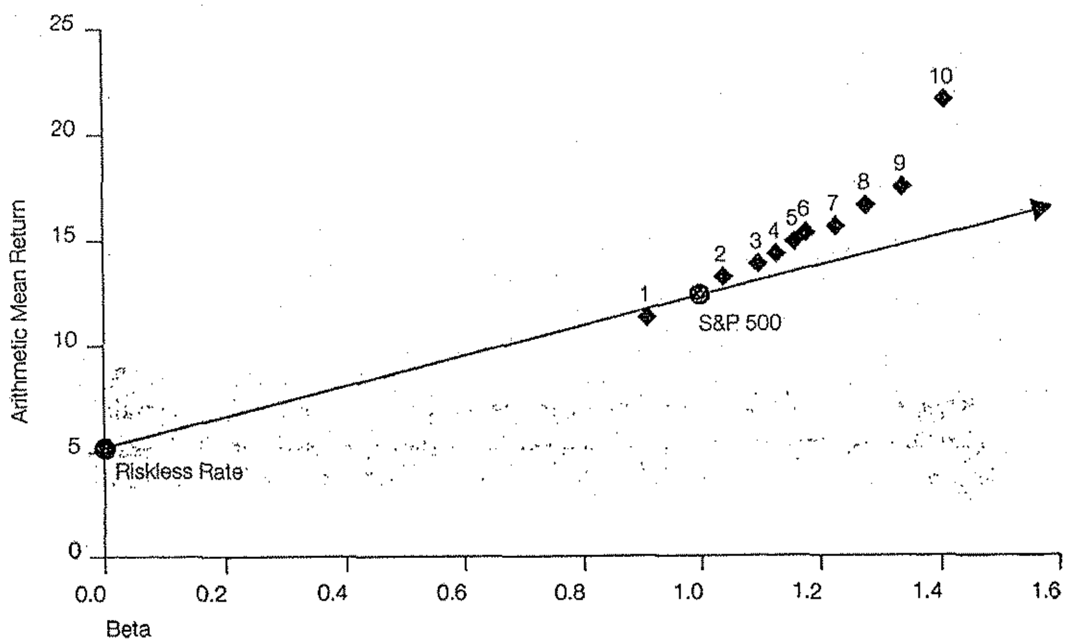
Table 7-6
Size-Decile Portfolios of the NYSE/AMEX/NASDAQ:
Long-Term Returns in Excess of CAPM
from 1926 to 2005

Decile	Beta*	Arithmetic Mean Return	Actual Return in Excess of Riskless Rate**	CAPM Return in Excess of Riskless Rate**	Size Premium (Return in Excess of CAPM)
1-Largest	0.91	11.29%	6.07%	6.45%	-0.37%
2	1.04	13.22%	8.00%	7.33%	0.67%
3	1.10	13.84%	8.62%	7.77%	0.85%
4	1.13	14.31%	9.09%	7.98%	1.10%
5	1.16	14.91%	9.69%	8.20%	1.49%
6	1.18	15.33%	10.11%	8.38%	1.73%
7	1.23	15.62%	10.40%	8.73%	1.67%
8	1.28	16.60%	11.38%	9.05%	2.33%
9	1.34	17.48%	12.26%	9.50%	2.76%
10-Smallest	1.41	21.59%	16.37%	10.01%	6.36%
Mid-Cap, 3–5	1.12	14.15%	8.94%	7.91%	1.02%
Low-Cap, 6–8	1.22	15.66%	10.44%	8.63%	1.81%
Micro-Cap, 9–10	1.36	18.77%	13.55%	9.61%	3.95%

*Betas are estimated from monthly returns in excess of the 30-day U.S. Treasury bill total return, January 1926–December 2005.

**Historical riskless rate measured by the 80-year arithmetic mean income return component of 20-year *government bonds* (5.22).

Graph 7-2
Security Market Line Versus Size-Decile Portfolios of the NYSE/AMEX/NASDAQ:
from 1926 to 2005



Source: *Center for Research in Security Prices, University of Chicago (decile data).*

Gas Group
Year End 2005

		AGL Resources	Atmos Energy	Laclede Group	New Jersey Resources	NICOR	Northwest Natural	Piedmont Natural Gas	South Jersey Industries	WGL Holdings	Average
Fiscal Year		12/31/05	09/30/05	09/30/05	09/30/05	12/31/05	12/31/05	10/31/05	12/31/05	09/30/05	
Capitalization at Fair Values											
	Debt(D)	1,784,000	2,078,300	413,524	266,800	565,000	579,382	753,267	334,300	626,800	
	Preferred(P)	0	0	1,009	0	600	0	0	0	28,200	
	Equity(E)	2,704,737	2,275,238	687,879	1,266,571	1,736,715	942,660	1,814,675	844,548	1,564,870	1,537,544
	Total	4,488,737	4,353,538	1,102,412	1,533,371	2,302,315	1,522,042	2,567,942	1,178,848	2,219,870	
Capital Structure Ratios											
	Debt(D)	39.74%	47.74%	37.51%	17.40%	24.54%	38.07%	29.33%	28.36%	28.24%	32.33%
	Preferred(P)	0.00%	0.00%	0.09%	0.00%	0.03%	0.00%	0.00%	0.00%	1.27%	0.15%
	Equity(E)	60.26%	52.26%	62.40%	82.60%	75.43%	61.93%	70.67%	71.64%	70.49%	67.52%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Common Stock											
	Issued	77,700.000	80,539.401	21,172.009	28,183.032	44,179.972	27,579.296	76,698.000	28,982.440	48,704.340	
	Treasury	0.000	0.000	0.000	636.895	0.000	0.000	0.000	0.000	0.000	
	Outstanding	77,700.000	80,539.401	21,172.009	27,546.137	44,179.972	27,579.296	76,698.000	28,982.440	48,704.340	
	Year-End Price	$34.81	$28.25	$32.49	$45.98	$39.31	$34.18	$23.66	$29.14	$32.13	
Capitalization at Carrying Amounts						18.36					
	Debt(D)	1,615,000	2,190,142	380,433	264,800	540,000	529,500	660,000	321,400	584,200	
	Preferred(P)	0	0	1,009	0	600	0	0	0	28,200	
	Equity(E)	1,499,000	1,602,422	366,525	438,052	811,300	586,931	884,192	391,185	893,992	
	Total	3,114,000	3,792,564	747,967	702,852	1,351,900	1,116,431	1,544,192	712,585	1,506,392	
Capital Structure Ratios											
	Debt(D)	51.86%	57.75%	50.86%	37.68%	39.94%	47.43%	42.74%	45.10%	38.78%	45.79%
	Preferred(P)	0.00%	0.00%	0.13%	0.00%	0.04%	0.00%	0.00%	0.00%	1.87%	0.23%
	Equity(E)	48.14%	42.25%	49.00%	62.32%	60.01%	52.57%	57.26%	54.90%	59.35%	53.98%
	Total	100.00%	100.00%	99.99%	100.00%	99.99%	100.00%	100.00%	100.00%	100.00%	100.00%
Betas	Value Line	0.95	0.75	0.85	0.80	1.20	0.75	0.80	0.70	0.80	0.84

Hamada	Bl	=	Bu	[1+	(1 - t)	D/E	+	P/E	]
	0.84	=	Bu	[1+	(1-0.35)	0.4788	+	0.0022	]
	0.84	=	Bu	[1+	0.65	0.4788	+	0.0022	]
	0.84	=	Bu	1.3134					
	0.64	=	Bu						
Hamada	Bl	=	0.64	[1+	(1 - t)	D/E	+	P/E	]
	Bl	=	0.64	[1+	0.65	0.8484	+	0.0042	]
	Bl	=	0.64	1.5557					
	Bl	=	1.00						

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 101

The questions in this section refer to the testimony of Paul R. Moul:

With reference to page 54 lines 1-15, Attachment PRM-12, and Appendix J, please (1) list the filters that are applied using the Value Line Investment Analyzer in applying the CE approach, and (2) identify all data items from the Value Line Investment Analyzer that are employed in the CE study.

Response of Columbia Gas of Kentucky:

1. The filters are listed in the title to page 1 of Attachment PRM-14. They are: Timeliness of 3, 4, & 5; Safety Rank of 1, 2 & 3; Financial Strength of B+, B++, & A; Price Stability of 55 to 100; Betas of .70 to 1.20; and Technical Rank of 2 & 3.

2. Each of the filters is listed in the column headings on page 1 of Attachment PRM-14. They are: Timeliness Rank, Safety Rank, Financial Strength, Price Stability, Beta, and Technical Rank.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 102

The questions in this section refer to the testimony of Paul R. Moul:

With reference to Attachment PRM-6, please provide all details (issue date, debt amounts, underwriter, underwriting spread, SEC filings, etc.) associated with all actual and pro forma financings used in determining the Company's long-term debt cost rate.

Response of Columbia Gas of Kentucky:

None are separately stated. The stated interest rate on installment promissory notes payable to affiliates includes those costs.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 103

The questions in this section refer to the testimony of Paul R. Moul:

With reference to Attachment PRM-12, please provide the methodology used to construct the S&P Composite and Utility Indexes, including the following: (1) the weights applied to the stock prices of each company in arriving at the index values, (2) how adjustments are made to the Index when companies are added to or deleted from the Index, (3) how adjustments are made to the Index in the event of stock splits and stock dividends, and (4) the number of companies in the Index each year.

Response of Columbia Gas of Kentucky:

(1), (2) and (3)

A description of the methodology used by Standard & Poor's in the construction of its indices is provided in the publication that is attached.

(4)

The current constituents of the index are shown on the Excel spreadsheet that is attached.

STANDARD
&POOR'S

September 28, 2004

S&P U.S. Indices Methodology

Standard & Poor's U.S. indices are designed to reflect the U.S. equity markets and, through the markets, the U.S. economy. The S&P 500 focuses on the large-cap sector of the market; however, since it includes a significant portion of the total value of the market, it also represents the market. The indices should be fair, meaning that an investor who buys all the stocks in an index with the index weights can achieve the same performance that Standard & Poor's calculates.

For the methodology on float adjustment, please see "Float Adjustment" at http://www.indices.standardandpoors.com/ .

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Addition and Deletion Criteria

Additions to the S&P 500, S&P MidCap 400 and S&P SmallCap 600

- U.S. companies.
- Adequate liquidity and reasonable per-share price -- the ratio of annual dollar value traded to market capitalization should be 0.3 or greater. Very low stock prices can affect a stock's liquidity.
- Market capitalization of $4 Billion or more for the S&P 500, $1 billion - $4 Billion for the S&P MidCap 400 and $300 million - $1 billion for the S&P SmallCap 600. These ranges are reviewed from time to time to assure consistency with market conditions.
- Financial viability, usually measured as four consecutive quarters of positive as-reported earnings. As-reported earnings are GAAP Net Income excluding discontinued operations and extraordinary items.
- Public float of at least 50% of the stock.
- Maintaining sector balance for each index, as measured by a comparison of the GICS sectors in each index and in the market, in the relevant market capitalization ranges.
- Initial public offerings (IPOs) should be "seasoned" for 6 to 12 months before being considered for addition to indices.
- Operating company and not a closed-end fund, holding company, partnership, investment vehicle or royalty trust. Real Estate Investment Trusts are eligible for inclusion in Standard & Poor's U.S. indices.

Deletions from the S&P 500, S&P MidCap 400 and S&P SmallCap 600

- Companies involved in mergers, being acquired or significantly restructured such that they no longer meet inclusion criteria.
- Companies which substantially violate one or more of the addition criteria.

Standard & Poor's believes turnover in index membership should be avoided when possible. The addition criteria are for addition to an index, not for continued membership. As a result, a company in an index that appears to violate the criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change. When a company is removed from an index, Standard & Poor's will explain the basis for the removal.

S&P 500 Equal Weight Index

The S&P 500 Equal Weight Index is an index using the same constituents as the S&P 500, but is equal weighted rather than capitalization weighted. This index was introduced in response to investor interest in an equal weighted index that supports different investment and benchmarking approaches while still recognizing the importance of the leading companies in leading industries selected for the S&P 500. The index is rebalanced quarterly to 0.20% weight for each company. Further information is available at www.indices.standardandpoors.com .[1]

S&P 100 Index

The S&P 100 Index consists of 100 companies selected from the S&P 500. To be included, companies should be among the larger and more stable companies in the S&P 500 and must have listed options. Sector balance is considered in the selection of companies for the S&P 100. This index is widely used for derivatives and is the index underlying the OEX options.

S&P REIT Composite Index

The S&P REIT Composite Index tracks the market performance of U.S. real estate investment trusts, known as REITs. The REIT Composite consists of approximately 100 REITs chosen for their liquidity and importance in representing a diversified real estate portfolio. To be included a REIT must meet the same liquidity guidelines used for the S&P 500, S&P MidCap 400 and S&P SmallCap 600, and must be at least $100 million in market capitalization. The S&P REIT Composite represents a balance of property types and geographic locations. Mortgage REITs are not eligible for inclusion. REITS may also be included in the S&P 500, S&P MidCap 400, or S&P SmallCap 600. A REIT may be included in these indices at the same time it is a member of the S&P REIT Composite.

Index Construction and Methodology

Standard & Poor's U.S. indices are designed to be liquid, tradable indices that support investment products such as index mutual funds, exchange traded funds, index portfolios, index futures and options and other derivative products. The indices represent the U.S. equity market and, through the market, the U.S. economy. The S&P 500 represents the large-cap segment of the U.S. equity markets; since it is a significant portion of the total market, it represents the overall market as well. Companies in the S&P 500 are considered to be leading companies in leading industries. The S&P MidCap 400 represents the mid-cap range of companies and the S&P SmallCap 600 represents small-cap companies. The three indices are

[1] see David M. Blitzer and Srikant Dash, *The S&P 500 Equal Weight Index: Structure and Methodology*, January 8, 2003, at www.indices.standardandpoors.com .

combined to form the S&P Composite 1500; the S&P 500 and S&P MidCap 400 are combined to form the S&P 900; and the S&P MidCap 400 and S&P SmallCap 600 are combined to form the S&P 1000. Stocks in the indices are classified under the Global Industry Classification Standard (GICS®).

Index Governance and Maintenance

Standard & Poor's U.S. indices are maintained by the U.S. Index Committee. There are eight members of the Committee; all are full-time professional members of Standard & Poor's staff. The Committee meets monthly. At each meeting the Committee reviews pending corporate actions that may affect companies in the indices, reviews companies that are being considered as candidates for addition to an index, reviews statistics comparing the composition of the indices to the market and reviews any significant market events. In addition, the Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

Standard & Poor's considers information about changes to its U.S. indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Changes to the U.S. indices are made when needed. There is no annual or semi-annual reconstitution. Rather, changes in response to corporate actions, such as mergers, and to market developments can be made at any time. Changes are typically announced two to five business days before they are implemented. Announcements are available to the public via the www.standardandpoors.com website before, or at the same time, they are available to clients and companies affected by the announcement.

Changes in a company's shares outstanding of 5% or more due to mergers, acquisitions, public offerings, private placements, tender offers, Dutch auctions or exchange offers are made as soon as reasonably possible. All other changes of 5% or more (due to, for example, company stock repurchases, redemptions, exercise of options, warrants, subscription rights, conversion of preferred stock, notes, debt, equity participation units or other recapitalizations) are made weekly, and are announced on Tuesdays for implementation after the close of trading on Wednesday. Changes of less than 5% are implemented quarterly on the third Friday of March, June, September and December, and are usually announced two days prior.

Corporate actions (including stock splits, stock dividends, spinoffs, rights offerings, and similar events) are applied after market close on the day prior to the ex-date. For the methodology of index calculation and maintenance, please refer to the paper on the S&P Global 1200 Methodology available at www.indices.standardandpoors.com .

In cases where there is no achievable market price for a stock being deleted, it will be removed at zero or a minimal price at the Committee's discretion, in recognition of the real constraints faced by investors in trading bankrupt or suspended stocks.

Total Return Index

Total return index series are calculated for the U.S. indices in addition to the price return series. Ordinary cash dividends are applied on the ex-date in calculating the total return series. "Special dividends" are those dividends that are outside of the normal payment pattern established historically by the corporation. These are called "dividends" by the company and may be described as "special," "extra," "year-end" or "return of capital." Whether a dividend is funded from operating earnings or from other sources of cash does not affect the determination of whether it is an ordinary or a special dividend. Special dividends are treated as corporate actions with offsetting price and divisor adjustments; the total return index reflects both ordinary and special dividends.

Base Dates and History

The base value and dates for the indices are:

Index	Base Date	Base Value
S&P 500	1941-43	10
S&P MidCap 400	6/28/1991	100
S&P SmallCap 600	12/31/1993	100
S&P 900	12/31/1994	1000
S&P 1000	12/31/1994	1000
S&P Composite 1500	12/31/1994	100
S&P REIT Composite	12/31/1996	100

Index Announcements

Announcements of additions and deletions for the S&P 500, S&P MidCap 400, S&P SmallCap 600 or S&P REIT Composite are made at 5:15 pm U.S. Eastern Time. Press releases are posted on www.indices.standardandpoors.com and are released to major news services.

Complete data for index replication including share counts, tickers and data on index levels and returns are available through Standard & Poor's fee-based service, *S&P Index Alert*.

Index methodology is constantly under review for best practices, and any changes are announced well ahead of time via the website and by email to all clients.

Holiday Schedule

The S&P U.S. indices will be calculated when the U.S. equity markets are open. A complete holiday schedule for the year is available at www.indices.standardandpoors.com .

Index Dissemination

Index levels are available through S&P's website, www.indices.standardandpoors.com, through major quote vendors (see codes below), through numerous investment-oriented websites and various print and electronic media. S&P's website also provides an archive of recent index announcements, press releases and monthly releases giving total returns for S&P's headline indices.

Index	Bloomberg	Reuters
S&P 500	SPX	.SPX
S&P MidCap 400	MID	.MID
S&P SmallCap 600	SML	.SML
S&P 1500 Composite	SPR	.SPSUP
S&P 900	SPLGMID	.SPLGMID
S&P 1000	SPK	.SPMIDSM
S&P 100 (OEX)	OEX	.OEX
S&P 500 Equal Weight	SPXEW	.SPXEW
S&P REIT Composite	SPREIT	.SPREITS

For further information, please access our website at www.indices.standardandpoors.com

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Disclaimers

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S&P 500 April 16th, 2007

Ticker	Stock_Name	Sector_code	Sector_Name	Industry_(	Industry_Group_Nam	Industry_Code	Industry_Name	Sub_Ind_Cod	Sub_Ind_Name
MMM	3M Company	20	Industrials	2010	Capital Goods	201050	Industrial Conglomer	20105010	Industrial Conglomerates
ACE	ACE Limited	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
ADCT	ADC Telecommuni	45	Information Techno	4520	Technology Hardware &	452010	Communications Equ	45201020	Communications Equipment
AES	AES Corp.	55	Utilities	5510	Utilities	551050	Independent Power I	55105010	Independent Power Producers & Energy Traders
AFL	AFLAC Inc.	40	Financials	4030	Insurance	403010	Insurance	40301020	Life & Health Insurance
AT	ALLTEL Corp.	50	Telecommunication	5010	Telecommunication Se	501020	Wireless Telecommu	50102010	Wireless Telecommunication Services
T	AT&T Inc.	50	Telecommunication	5010	Telecommunication Se	501010	Diversified Telecomr	50101020	Integrated Telecommunication Services
ABT	Abbott Labs	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
ANF	Abercrombie & Fitc	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504010	Apparel Retail
ADBE	Adobe Systems	45	Information Techno	4510	Software & Services	451030	Software	45103010	Application Software
AMD	Advanced Micro D	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
AET	Aetna Inc.	35	Health Care	3510	Health Care Equipment	351020	Health Care Provide	35102030	Managed Health Care
ACS	Affiliated Compute	45	Information Techno	4510	Software & Services	451020	IT Services	45102020	Data Processing & Outsourced Services
A	Agilent Technologi	45	Information Techno	4520	Technology Hardware &	452030	Electronic Equipmen	45203010	Electronic Equipment Manufacturers
APD	Air Products & Che	15	Materials	1510	Materials	151010	Chemicals	15101040	Industrial Gases
AA	Alcoa Inc	15	Materials	1510	Materials	151040	Metals & Mining	15104010	Aluminum
AYE	Allegheny Energy	55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities
ATI	Allegheny Technol	15	Materials	1510	Materials	151040	Metals & Mining	15104050	Steel
AGN	Allergan, Inc.	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
AW	Allied Waste Indus	20	Industrials	2020	Commercial Services &	202010	Commercial Service	20201050	Environmental & Facilities Services
ALL	Allstate Corp.	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
ALTR	Altera Corp.	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
MO	Altria Group, Inc.	30	Consumer Staples	3020	Food Beverage & Toba	302030	Tobacco	30203010	Tobacco
AMZN	Amazon Corp.	25	Consumer Discretic	2550	Retailing	255020	Internet & Catalog R	25502020	Internet Retail
ABK	Ambac Financial G	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
AEE	Ameren Corporatic	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
AEP	American Electric I	55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities
AXP	American Express	40	Financials	4020	Diversified Financials	402020	Consumer Finance	40202010	Consumer Finance
AIG	American Int'l. Gro	40	Financials	4030	Insurance	403010	Insurance	40301030	Multi-line Insurance
ASD	American Standarc	20	Industrials	2010	Capital Goods	201020	Building Products	20102010	Building Products
AMP	Ameriprise Financi	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203010	Asset Management & Custody Banks
ABC	AmerisourceBerge	35	Health Care	3510	Health Care Equipment	351020	Health Care Provide	35102010	Health Care Distributors
AMGN	Amgen	35	Health Care	3520	Pharmaceuticals, Biote	352010	Biotechnology	35201010	Biotechnology
APC	Anadarko Petroleu	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102020	Oil & Gas Exploration & Production
ADI	Analog Devices	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
BUD	Anheuser-Busch	30	Consumer Staples	3020	Food Beverage & Toba	302010	Beverages	30201010	Brewers
AOC	Aon Corp.	40	Financials	4030	Insurance	403010	Insurance	40301010	Insurance Brokers
APA	Apache Corp.	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102020	Oil & Gas Exploration & Production
AIV	Apartment Investm	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402050	Residential REITs
APOL	Apollo Group	25	Consumer Discretic	2530	Consumer Services	253020	Diversified Consume	25302010	Education Services
AAPL	Apple Inc.	45	Information Techno	4520	Technology Hardware &	452020	Computers & Periph	45202010	Computer Hardware
ABI	Applera Corp-Appl	35	Health Care	3520	Pharmaceuticals, Biote	352030	Life Sciences Tools &	35203010	Life Sciences Tools & Services
AMAT	Applied Materials	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301010	Semiconductor Equipment
ADM	Archer-Daniels-Mic	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202010	Agricultural Products
ASN	Archstone-Smith T	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402050	Residential REITs
ASH	Ashland Inc.	15	Materials	1510	Materials	151010	Chemicals	15101020	Diversified Chemicals
AIZ	Assurant Inc	40	Financials	4030	Insurance	403010	Insurance	40301030	Multi-line Insurance
AN	AutoNation, Inc.	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504050	Automotive Retail
AZO	AutoZone Inc.	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504050	Automotive Retail
ADSK	Autodesk, Inc.	45	Information Techno	4510	Software & Services	451030	Software	45103010	Application Software

ADP	Automatic Data Pr	45 Information Techno	4510 Software & Services	451020 IT Services	45102020 Data Processing & Outsourced Services
AVB	AvalonBay Commu	40 Financials	4040 Real Estate	404020 Real Estate Investme	40402050 Residential REITs
AV	Avaya Inc.	45 Information Techno	4520 Technology Hardware	452010 Communications Eq	45201020 Communications Equipment
AVY	Avery Dennison Cc	20 Industrials	2020 Commercial Services &	202010 Commercial Service	20201060 Office Services & Supplies
AVP	Avon Products	30 Consumer Staples	3030 Household & Personal	303020 Personal Products	30302010 Personal Products
BBT	BB&T Corporation	40 Financials	4010 Banks	401010 Commercial Banks	40101015 Regional Banks
BIIB	BIOGEN IDEC Inc.	35 Health Care	3520 Pharmaceuticals, Biote	352010 Biotechnology	35201010 Biotechnology
BJS	BJ Services	10 Energy	1010 Energy	101010 Energy Equipment &	10101020 Oil & Gas Equipment & Services
BMC	BMC Software	45 Information Techno	4510 Software & Services	451030 Software	45103020 Systems Software
BHI	Baker Hughes	10 Energy	1010 Energy	101010 Energy Equipment &	10101020 Oil & Gas Equipment & Services
BLL	Ball Corp.	15 Materials	1510 Materials	151030 Containers & Packag	15103010 Metal & Glass Containers
BAC	Bank of America C	40 Financials	4020 Diversified Financials	402010 Diversified Financial	40201020 Other Diversified Financial Services
BK	Bank of New York	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203010 Asset Management & Custody Banks
BCR	Bard (C.R.) Inc.	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipme	35101010 Health Care Equipment
BRL	Barr Pharmaceutic	35 Health Care	3520 Pharmaceuticals, Biote	352020 Pharmaceuticals	35202010 Pharmaceuticals
BOL	Bausch & Lomb	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipme	35101020 Health Care Supplies
BAX	Baxter Internationa	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipme	35101010 Health Care Equipment
BSC	Bear Stearns Cos.	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203020 Investment Banking & Brokerage
BDX	Becton, Dickinson	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipme	35101010 Health Care Equipment
BBBY	Bed Bath & Beyon	25 Consumer Discretic	2550 Retailing	255040 Specialty Retail	25504060 Homefurnishing Retail
BMS	Bemis Company	15 Materials	1510 Materials	151030 Containers & Packag	15103020 Paper Packaging
BBY	Best Buy Co., Inc.	25 Consumer Discretic	2550 Retailing	255040 Specialty Retail	25504020 Computer & Electronics Retail
BIG	Big Lots, Inc.	25 Consumer Discretic	2550 Retailing	255030 Multiline Retail	25503020 General Merchandise Stores
BMET	Biomet, Inc.	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipme	35101010 Health Care Equipment
BDK	Black & Decker Co	25 Consumer Discretic	2520 Consumer Durables &	252010 Household Durables	25201040 Household Appliances
HRB	Block H&R	25 Consumer Discretic	2530 Consumer Services	253020 Diversified Consume	25302020 Specialized Consumer Services
BA	Boeing Company	20 Industrials	2010 Capital Goods	201010 Aerospace & Defens	20101010 Aerospace & Defense
BXP	Boston Properties	40 Financials	4040 Real Estate	404020 Real Estate Investme	40402040 Office REITs
BSX	Boston Scientific	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipme	35101010 Health Care Equipment
BMY	Bristol-Myers Squi	35 Health Care	3520 Pharmaceuticals, Biote	352020 Pharmaceuticals	35202010 Pharmaceuticals
BRCM	Broadcom Corpora	45 Information Techno	4530 Semiconductors & Sem	453010 Semiconductor & Se	45301020 Semiconductors
BF.B	Brown-Forman Co	30 Consumer Staples	3020 Food Beverage & Toba	302010 Beverages	30201020 Distillers & Vintners
BC	Brunswick Corp.	25 Consumer Discretic	2520 Consumer Durables &	252020 Leisure Equipment &	25202010 Leisure Products
BNI	Burlington Norther	20 Industrials	2030 Transportation	203040 Road & Rail	20304010 Railroads
CHRW	C.H. Robinson Wo	20 Industrials	2030 Transportation	203010 Air Freight & Logistic	20301010 Air Freight & Logistics
CA	CA, Inc.	45 Information Techno	4510 Software & Services	451030 Software	45103020 Systems Software
CBG	CB Richard Ellis G	40 Financials	4040 Real Estate	404030 Real Estate Manage	40403010 Real Estate Management & Development
CBS	CBS Corp.	25 Consumer Discretic	2540 Media	254010 Media	25401020 Broadcasting & Cable TV
CI	CIGNA Corp.	35 Health Care	3510 Health Care Equipment	351020 Health Care Provide	35102030 Managed Health Care
CIT	CIT Group	40 Financials	4020 Diversified Financials	402010 Diversified Financial	40201040 Specialized Finance
CMS	CMS Energy	55 Utilities	5510 Utilities	551030 Multi-Utilities	55103010 Multi-Utilities
CNX	CONSOL Energy I	10 Energy	1010 Energy	101020 Oil, Gas & Consuma	10102050 Coal & Consumable Fuels
CSX	CSX Corp.	20 Industrials	2030 Transportation	203040 Road & Rail	20304010 Railroads
CVS	CVS/Caremark Co	30 Consumer Staples	3010 Food & Staples Retailin	301010 Food & Staples Reta	30101010 Drug Retail
CPB	Campbell Soup	30 Consumer Staples	3020 Food Beverage & Toba	302020 Food Products	30202030 Packaged Foods & Meats
COF	Capital One Financ	40 Financials	4020 Diversified Financials	402020 Consumer Finance	40202010 Consumer Finance
CAH	Cardinal Health, In	35 Health Care	3510 Health Care Equipment	351020 Health Care Provide	35102010 Health Care Distributors
CCL	Carnival Corp.	25 Consumer Discretic	2530 Consumer Services	253010 Hotels Restaurants &	25301020 Hotels, Resorts & Cruise Lines
CAT	Caterpillar Inc.	20 Industrials	2010 Capital Goods	201060 Machinery	20106010 Construction & Farm Machinery & Heavy Trucks
CELG	Celgene Corp.	35 Health Care	3520 Pharmaceuticals, Biote	352010 Biotechnology	35201010 Biotechnology
CNP	CenterPoint Energ	55 Utilities	5510 Utilities	551030 Multi-Utilities	55103010 Multi-Utilities
CTX	Centex Corp.	25 Consumer Discretic	2520 Consumer Durables &	252010 Household Durables	25201030 Homebuilding
CTL	Century Telephone	50 Telecommunication	5010 Telecommunication Se	501010 Diversified Telecom	50101020 Integrated Telecommunication Services

SCHW	Charles Schwab	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203020	Investment Banking & Brokerage
CHK	Chesapeake Enerç	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102020	Oil & Gas Exploration & Production
CVX	Chevron Corp.	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102010	Integrated Oil & Gas
CME	Chicago Mercantile	40	Financials	4020	Diversified Financials	402010	Diversified Financial	40201040	Specialized Finance
CB	Chubb Corp.	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
CIEN	Ciena Corp.	45	Information Techno	4520	Technology Hardware &	452010	Communications Eqı	45201020	Communications Equipment
CINF	Cincinnati Financia	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
CTAS	Cintas Corporation	20	Industrials	2020	Commercial Services &	202010	Commercial Services	20201030	Diversified Commercial & Professional Services
CC	Circuit City Group	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504020	Computer & Electronics Retail
CSCO	Cisco Systems	45	Information Techno	4520	Technology Hardware &	452010	Communications Eqı	45201020	Communications Equipment
C	Citigroup Inc.	40	Financials	4020	Diversified Financials	402010	Diversified Financial	40201020	Other Diversified Financial Services
CZN	Citizens Communic	50	Telecommunication	5010	Telecommunication Sei	501010	Diversified Telecomr	50101020	Integrated Telecommunication Services
CTXS	Citrix Systems	45	Information Techno	4510	Software & Services	451030	Software	45103010	Application Software
CCU	Clear Channel Cor	25	Consumer Discretic	2540	Media	254010	Media	25401020	Broadcasting & Cable TV
CLX	Clorox Co.	30	Consumer Staples	3030	Household & Personal	303010	Household Products	30301010	Household Products
COH	Coach, Inc.	25	Consumer Discretic	2520	Consumer Durables &	252030	Textiles, Apparel & L	25203010	Apparel, Accessories & Luxury Goods
KO	Coca Cola Co.	30	Consumer Staples	3020	Food Beverage & Toba	302010	Beverages	30201030	Soft Drinks
CCE	Coca-Cola Enterpr	30	Consumer Staples	3020	Food Beverage & Toba	302010	Beverages	30201030	Soft Drinks
CTSH	Cognizant Technol	45	Information Techno	4510	Software & Services	451020	IT Services	45102010	IT Consulting & Other Services
CL	Colgate-Palmolive	30	Consumer Staples	3030	Household & Personal	303010	Household Products	30301010	Household Products
CMCSA	Comcast Corp.	25	Consumer Discretic	2540	Media	254010	Media	25401020	Broadcasting & Cable TV
CMA	Comerica Inc.	40	Financials	4010	Banks	401010	Commercial Banks	40101010	Diversified Banks
CBH	Commerce Bancor	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
CBSS	Compass Bancsha	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
CSC	Computer Science	45	Information Techno	4510	Software & Services	451020	IT Services	45102020	Data Processing & Outsourced Services
CPWR	Compuware Corp.	45	Information Techno	4510	Software & Services	451030	Software	45103010	Application Software
CAG	ConAgra Foods, In	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
COP	ConocoPhillips	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102010	Integrated Oil & Gas
ED	Consolidated Edis	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
STZ	Constellation Bran	30	Consumer Staples	3020	Food Beverage & Toba	302010	Beverages	30201020	Distillers & Vintners
CEG	Constellation Ener	55	Utilities	5510	Utilities	551050	Independent Power I	55105010	Independent Power Producers & Energy Traders
CVG	Convergys Corp.	45	Information Techno	4510	Software & Services	451020	IT Services	45102020	Data Processing & Outsourced Services
CBE	Cooper Industries,	20	Industrials	2010	Capital Goods	201040	Electrical Equipment	20104010	Electrical Components & Equipment
GLW	Corning Inc.	45	Information Techno	4520	Technology Hardware &	452010	Communications Eqı	45201020	Communications Equipment
COST	Costco Co.	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101040	HyperMarkets & Super Centers
CFC	Countrywide Finan	40	Financials	4010	Banks	401020	Thrifts & Mortgage Fi	40102010	Thrifts & Mortgage Finance
CVH	Coventry Health C	35	Health Care	3510	Health Care Equipment	351020	Health Care Provider	35102030	Managed Health Care
CMI	Cummins Inc.	20	Industrials	2010	Capital Goods	201060	Machinery	20106010	Construction & Farm Machinery & Heavy Trucks
DHI	D.R. Horton	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201030	Homebuilding
DTV	DIRECTV Group Ir	25	Consumer Discretic	2540	Media	254010	Media	25401020	Broadcasting & Cable TV
DTE	DTE Energy Co.	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
DHR	Danaher Corp.	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery
DRI	Darden Restauran	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301040	Restaurants
DF	Dean Foods	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
DE	Deere & Co.	20	Industrials	2010	Capital Goods	201060	Machinery	20106010	Construction & Farm Machinery & Heavy Trucks
DELL	Dell Inc.	45	Information Techno	4520	Technology Hardware &	452020	Computers & Periphe	45202010	Computer Hardware
DDR	Developers Divers	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402060	Retail REITs
DVN	Devon Energy Cor	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102020	Oil & Gas Exploration & Production
DDS	Dillard Inc.	25	Consumer Discretic	2550	Retailing	255030	Multiline Retail	25503010	Department Stores
DG	Dollar General	25	Consumer Discretic	2550	Retailing	255030	Multiline Retail	25503020	General Merchandise Stores
D	Dominion Resourc	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
RRD	Donnelley (R.R.) &	20	Industrials	2020	Commercial Services &	202010	Commercial Services	20201010	Commercial Printing
DOV	Dover Corp.	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery

DOW	Dow Chemical	15 Materials	1510 Materials	151010 Chemicals	15101020 Diversified Chemicals
DJ	Dow Jones & Co.	25 Consumer Discretic	2540 Media	254010 Media	25401040 Publishing
DD	Du Pont (E.I.)	15 Materials	1510 Materials	151010 Chemicals	15101020 Diversified Chemicals
DUK	Duke Energy	55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities
DYN	Dynegy Inc.	55 Utilities	5510 Utilities	551050 Independent Power I	55105010 Independent Power Producers & Energy Traders
ETFC	E*Trade Financial	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203020 Investment Banking & Brokerage
EMC	EMC Corp.	45 Information Techno	4520 Technology Hardware	452020 Computers & Periph	45202020 Computer Storage & Peripherals
ESV	ENSCO Int'l	10 Energy	1010 Energy	101010 Energy Equipment &	10101010 Oil & Gas Drilling
EOG	EOG Resources	10 Energy	1010 Energy	101020 Oil, Gas & Consumal	10102020 Oil & Gas Exploration & Production
EMN	Eastman Chemical	15 Materials	1510 Materials	151010 Chemicals	15101020 Diversified Chemicals
EK	Eastman Kodak	25 Consumer Discretic	2520 Consumer Durables &	252020 Leisure Equipment &	25202020 Photographic Products
ETN	Eaton Corp.	20 Industrials	2010 Capital Goods	201060 Machinery	20106020 Industrial Machinery
ECL	Ecolab Inc.	15 Materials	1510 Materials	151010 Chemicals	15101050 Specialty Chemicals
EIX	Edison Int'l	55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities
EP	El Paso Corp.	10 Energy	1010 Energy	101020 Oil, Gas & Consumal	10102040 Oil & Gas Storage & Transportation
ERTS	Electronic Arts	45 Information Techno	4510 Software & Services	451030 Software	45103030 Home Entertainment Software
EDS	Electronic Data Sy	45 Information Techno	4510 Software & Services	451020 IT Services	45102020 Data Processing & Outsourced Services
EQ	Embarq Corporatic	50 Telecommunication	5010 Telecommunication Se	501010 Diversified Telecomr	50101020 Integrated Telecommunication Services
EMR	Emerson Electric	20 Industrials	2010 Capital Goods	201040 Electrical Equipment	20104010 Electrical Components & Equipment
ETR	Entergy Corp.	55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities
EFX	Equifax Inc.	20 Industrials	2020 Commercial Services &	202010 Commercial Service	20201030 Diversified Commercial & Professional Services
EQR	Equity Residential	40 Financials	4040 Real Estate	404020 Real Estate Investme	40402050 Residential REITs
EL	Estee Lauder Cos.	30 Consumer Staples	3030 Household & Personal	303020 Personal Products	30302010 Personal Products
EXC	Exelon Corp.	55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities
ESRX	Express Scripts	35 Health Care	3510 Health Care Equipment	351020 Health Care Provide	35102015 Health Care Services
XOM	Exxon Mobil Corp.	10 Energy	1010 Energy	101020 Oil, Gas & Consumal	10102010 Integrated Oil & Gas
FISV	Fiserv Inc.	45 Information Techno	4510 Software & Services	451020 IT Services	45102020 Data Processing & Outsourced Services
FPL	FPL Group	55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities
FDO	Family Dollar Store	25 Consumer Discretic	2550 Retailing	255030 Multiline Retail	25503020 General Merchandise Stores
FNM	Fannie Mae	40 Financials	4010 Banks	401020 Thrifts & Mortgage Fi	40102010 Thrifts & Mortgage Finance
FDX	FedEx Corporation	20 Industrials	2030 Transportation	203010 Air Freight & Logistic	20301010 Air Freight & Logistics
FRE	Federal Home Loa	40 Financials	4010 Banks	401020 Thrifts & Mortgage Fi	40102010 Thrifts & Mortgage Finance
FD	Federated Dept. St	25 Consumer Discretic	2550 Retailing	255030 Multiline Retail	25503010 Department Stores
FII	Federated Investor	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203010 Asset Management & Custody Banks
FIS	Fidelity National Inl	45 Information Techno	4510 Software & Services	451020 IT Services	45102020 Data Processing & Outsourced Services
FITB	Fifth Third Bancorp	40 Financials	4010 Banks	401010 Commercial Banks	40101015 Regional Banks
FDC	First Data	45 Information Techno	4510 Software & Services	451020 IT Services	45102020 Data Processing & Outsourced Services
FHN	First Horizon Natio	40 Financials	4010 Banks	401010 Commercial Banks	40101015 Regional Banks
FE	FirstEnergy Corp.	55 Utilities	5510 Utilities	551010 Electric Utilities	55101010 Electric Utilities
FLR	Fluor Corp. (New)	20 Industrials	2010 Capital Goods	201030 Construction & Engir	20103010 Construction & Engineering
F	Ford Motor	25 Consumer Discretic	2510 Automobiles & Compor	251020 Automobiles	25102010 Automobile Manufacturers
FRX	Forest Laboratorie:	35 Health Care	3520 Pharmaceuticals, Biote	352020 Pharmaceuticals	35202010 Pharmaceuticals
FO	Fortune Brands, In	25 Consumer Discretic	2520 Consumer Durables &	252010 Household Durables	25201050 Housewares & Specialties
BEN	Franklin Resource:	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203010 Asset Management & Custody Banks
FCX	Freeport-McMoran	15 Materials	1510 Materials	151040 Metals & Mining	15104020 Diversified Metals & Mining
GCI	Gannett Co.	25 Consumer Discretic	2540 Media	254010 Media	25401040 Publishing
GPS	Gap (The)	25 Consumer Discretic	2550 Retailing	255040 Specialty Retail	25504010 Apparel Retail
GD	General Dynamics	20 Industrials	2010 Capital Goods	201010 Aerospace & Defens	20101010 Aerospace & Defense
GE	General Electric	20 Industrials	2010 Capital Goods	201050 Industrial Conglomer	20105010 Industrial Conglomerates
GIS	General Mills	30 Consumer Staples	3020 Food Beverage & Toba	302020 Food Products	30202030 Packaged Foods & Meats
GM	General Motors	25 Consumer Discretic	2510 Automobiles & Compor	251020 Automobiles	25102010 Automobile Manufacturers
GPC	Genuine Parts	25 Consumer Discretic	2550 Retailing	255010 Distributors	25501010 Distributors
GNW	Genworth Financia	40 Financials	4030 Insurance	403010 Insurance	40301030 Multi-line Insurance

GENZ	Genzyme Corp.	35	Health Care	3520	Pharmaceuticals, Biote	352010	Biotechnology	35201010	Biotechnology
GILD	Gilead Sciences	35	Health Care	3520	Pharmaceuticals, Biote	352010	Biotechnology	35201010	Biotechnology
GS	Goldman Sachs Gr	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203020	Investment Banking & Brokerage
GR	Goodrich Corporat	20	Industrials	2010	Capital Goods	201010	Aerospace & Defens	20101010	Aerospace & Defense
GT	Goodyear Tire & R	25	Consumer Discretic	2510	Automobiles & Compor	251010	Auto Components	25101020	Tires & Rubber
GOOG	Google Inc.	45	Information Techno	4510	Software & Services	451010	Internet Software & S	45101010	Internet Software & Services
GWW	Grainger (W.W.) In	20	Industrials	2010	Capital Goods	201070	Trading Companies	20107010	Trading Companies & Distributors
HAL	Halliburton Co.	10	Energy	1010	Energy	101010	Energy Equipment &	10101020	Oil & Gas Equipment & Services
HOG	Harley-Davidson	25	Consumer Discretic	2510	Automobiles & Compor	251020	Automobiles	25102020	Motorcycle Manufacturers
HAR	Harman Int'l Indust	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201010	Consumer Electronics
HET	Harrah's Entertainr	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301010	Casinos & Gaming
HIG	Hartford Financial	40	Financials	4030	Insurance	403010	Insurance	40301030	Multi-line Insurance
HAS	Hasbro Inc.	25	Consumer Discretic	2520	Consumer Durables &	252020	Leisure Equipment &	25202010	Leisure Products
HNZ	Heinz (H.J.)	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
HPC	Hercules, Inc.	15	Materials	1510	Materials	151010	Chemicals	15101020	Diversified Chemicals
HES	Hess Corporation	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102010	Integrated Oil & Gas
HPQ	Hewlett-Packard	45	Information Techno	4520	Technology Hardware	452020	Computers & Periph	45202010	Computer Hardware
HLT	Hilton Hotels	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301020	Hotels, Resorts & Cruise Lines
HD	Home Depot	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504030	Home Improvement Retail
HON	Honeywell Int'l Inc.	20	Industrials	2010	Capital Goods	201010	Aerospace & Defens	20101010	Aerospace & Defense
HSP	Hospira Inc.	35	Health Care	3510	Health Care Equipment	351010	Health Care Equipm	35101010	Health Care Equipment
HST	Host Hotels & Res	40	Financials	4040	Real Estate	404020	Real Estate Investm	40402070	Specialized REITs
HCBK	Hudson City Banc	40	Financials	4010	Banks	401020	Thrifts & Mortgage Fi	40102010	Thrifts & Mortgage Finance
HUM	Humana Inc.	35	Health Care	3510	Health Care Equipment	351020	Health Care Provide	35102030	Managed Health Care
HBAN	Huntington Bancsh	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
IACI	IAC/InterActive Co	25	Consumer Discretic	2550	Retailing	255020	Internet & Catalog R	25502020	Internet Retail
RX	IMS Health Inc.	35	Health Care	3510	Health Care Equipment	351030	Health Care Technol	35103010	Health Care Technology
ITT	ITT Corporation	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery
ITW	Illinois Tool Works	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery
IR	Ingersoll-Rand Co.	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery
TEG	Integrys Energy Gr	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
INTC	Intel Corp.	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
IBM	International Bus.	45	Information Techno	4520	Technology Hardware	452020	Computers & Periph	45202010	Computer Hardware
IFF	International Flav/F	15	Materials	1510	Materials	151010	Chemicals	15101050	Specialty Chemicals
IGT	International Game	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301010	Casinos & Gaming
IP	International Paper	15	Materials	1510	Materials	151050	Paper & Forest Prod	15105020	Paper Products
IPG	Interpublic Group	25	Consumer Discretic	2540	Media	254010	Media	25401010	Advertising
INTU	Intuit, Inc.	45	Information Techno	4510	Software & Services	451030	Software	45103010	Application Software
JDSU	JDS Uniphase Cor	45	Information Techno	4520	Technology Hardware	452010	Communications Eq	45201020	Communications Equipment
JPM	JPMorgan Chase	40	Financials	4020	Diversified Financials	402010	Diversified Financial	40201020	Other Diversified Financial Services
JBL	Jabil Circuit	45	Information Techno	4520	Technology Hardware	452030	Electronic Equipmen	45203020	Electronic Manufacturing Services
JNS	Janus Capital Grou	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203010	Asset Management & Custody Banks
JNJ	Johnson & Johnso	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
JCI	Johnson Controls	25	Consumer Discretic	2510	Automobiles & Compor	251010	Auto Components	25101010	Auto Parts & Equipment
JNY	Jones Apparel Gro	25	Consumer Discretic	2520	Consumer Durables &	252030	Textiles, Apparel & L	25203010	Apparel, Accessories & Luxury Goods
JNPR	Juniper Networks	45	Information Techno	4520	Technology Hardware	452010	Communications Eq	45201020	Communications Equipment
KBH	KB Home	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201030	Homebuilding
KLAC	KLA-Tencor Corp.	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301010	Semiconductor Equipment
K	Kellogg Co.	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
KEY	KeyCorp	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
KSE	Keyspan Energy	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
KMB	Kimberly-Clark	30	Consumer Staples	3030	Household & Personal	303010	Household Products	30301010	Household Products
KIM	Kimco Realty	40	Financials	4040	Real Estate	404020	Real Estate Investm	40402060	Retail REITs

KMI	Kinder Morgan	10 Energy	1010 Energy	101020 Oil, Gas & Consumal	10102040 Oil & Gas Storage & Transportation
KG	King Pharmaceutic	35 Health Care	3520 Pharmaceuticals, Biote	352020 Pharmaceuticals	35202010 Pharmaceuticals
KSS	Kohl's Corp.	25 Consumer Discretic	2550 Retailing	255030 Multiline Retail	25503010 Department Stores
KFT	Kraft Foods Inc-A	30 Consumer Staples	3020 Food Beverage & Toba	302020 Food Products	30202030 Packaged Foods & Meats
KR	Kroger Co.	30 Consumer Staples	3010 Food & Staples Retailin	301010 Food & Staples Reta	30101030 Food Retail
LLL	L-3 Communicatior	20 Industrials	2010 Capital Goods	201010 Aerospace & Defens	20101010 Aerospace & Defense
LSI	LSI Corporation	45 Information Techno	4530 Semiconductors & Sem	453010 Semiconductor & Se	45301020 Semiconductors
LH	Laboratory Corp. o	35 Health Care	3510 Health Care Equipment	351020 Health Care Provider	35102015 Health Care Services
LM	Legg Mason	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203010 Asset Management & Custody Banks
LEG	Leggett & Platt	25 Consumer Discretic	2520 Consumer Durables &	252010 Household Durables	25201020 Home Furnishings
LEH	Lehman Bros.	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203020 Investment Banking & Brokerage
LEN	Lennar Corp.	25 Consumer Discretic	2520 Consumer Durables &	252010 Household Durables	25201030 Homebuilding
LXK	Lexmark Int'l Inc	45 Information Techno	4520 Technology Hardware	452020 Computers & Periphe	45202020 Computer Storage & Peripherals
LLY	Lilly (Eli) & Co.	35 Health Care	3520 Pharmaceuticals, Biote	352020 Pharmaceuticals	35202010 Pharmaceuticals
LTD	Limited Brands, Inc	25 Consumer Discretic	2550 Retailing	255040 Specialty Retail	25504010 Apparel Retail
LNC	Lincoln National	40 Financials	4030 Insurance	403010 Insurance	40301020 Life & Health Insurance
LLTC	Linear Technology	45 Information Techno	4530 Semiconductors & Sem	453010 Semiconductor & Se	45301020 Semiconductors
LIZ	Liz Claiborne, Inc.	25 Consumer Discretic	2520 Consumer Durables &	252030 Textiles, Apparel & L	25203010 Apparel, Accessories & Luxury Goods
LMT	Lockheed Martin C	20 Industrials	2010 Capital Goods	201010 Aerospace & Defens	20101010 Aerospace & Defense
LTR	Loews Corp.	40 Financials	4030 Insurance	403010 Insurance	40301030 Multi-line Insurance
LOW	Lowe's Cos.	25 Consumer Discretic	2550 Retailing	255040 Specialty Retail	25504030 Home Improvement Retail
MTB	M&T Bank Corp.	40 Financials	4010 Banks	401010 Commercial Banks	40101015 Regional Banks
MBI	MBIA Inc.	40 Financials	4030 Insurance	403010 Insurance	40301040 Property & Casualty Insurance
MTG	MGIC Investment	40 Financials	4010 Banks	401020 Thrifts & Mortgage Fi	40102010 Thrifts & Mortgage Finance
HCR	Manor Care Inc.	35 Health Care	3510 Health Care Equipment	351020 Health Care Provider	35102020 Health Care Facilities
MRO	Marathon Oil Corp.	10 Energy	1010 Energy	101020 Oil, Gas & Consumal	10102010 Integrated Oil & Gas
MAR	Marriott Int'l.	25 Consumer Discretic	2530 Consumer Services	253010 Hotels Restaurants &	25301020 Hotels, Resorts & Cruise Lines
MMC	Marsh & McLennai	40 Financials	4030 Insurance	403010 Insurance	40301010 Insurance Brokers
MI	Marshall & Ilsley C	40 Financials	4010 Banks	401010 Commercial Banks	40101015 Regional Banks
MAS	Masco Corp.	20 Industrials	2010 Capital Goods	201020 Building Products	20102010 Building Products
MAT	Mattel, Inc.	25 Consumer Discretic	2520 Consumer Durables &	252020 Leisure Equipment &	25202010 Leisure Products
MXIM	Maxim Integrated F	45 Information Techno	4530 Semiconductors & Sem	453010 Semiconductor & Se	45301020 Semiconductors
MKC	McCormick & Co.	30 Consumer Staples	3020 Food Beverage & Toba	302020 Food Products	30202030 Packaged Foods & Meats
MCD	McDonald's Corp.	25 Consumer Discretic	2530 Consumer Services	253010 Hotels Restaurants &	25301040 Restaurants
MHP	McGraw-Hill	25 Consumer Discretic	2540 Media	254010 Media	25401040 Publishing
MCK	McKesson Corp. (I	35 Health Care	3510 Health Care Equipment	351020 Health Care Provider	35102010 Health Care Distributors
MWV	MeadWestvaco Cc	15 Materials	1510 Materials	151050 Paper & Forest Prod	15105020 Paper Products
MEDI	MedImmune Inc.	35 Health Care	3520 Pharmaceuticals, Biote	352010 Biotechnology	35201010 Biotechnology
MHS	Medco Health Solu	35 Health Care	3510 Health Care Equipment	351020 Health Care Provider	35102015 Health Care Services
MDT	Medtronic Inc.	35 Health Care	3510 Health Care Equipment	351010 Health Care Equipm	35101010 Health Care Equipment
MEL	Mellon Bank Corp.	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203010 Asset Management & Custody Banks
MRK	Merck & Co.	35 Health Care	3520 Pharmaceuticals, Biote	352020 Pharmaceuticals	35202010 Pharmaceuticals
MDP	Meredith Corp.	25 Consumer Discretic	2540 Media	254010 Media	25401040 Publishing
MER	Merrill Lynch	40 Financials	4020 Diversified Financials	402030 Capital Markets	40203020 Investment Banking & Brokerage
MET	MetLife Inc.	40 Financials	4030 Insurance	403010 Insurance	40301020 Life & Health Insurance
MU	Micron Technology	45 Information Techno	4530 Semiconductors & Sem	453010 Semiconductor & Se	45301020 Semiconductors
MSFT	Microsoft Corp.	45 Information Techno	4510 Software & Services	451030 Software	45103020 Systems Software
MIL	Millipore Corp.	35 Health Care	3520 Pharmaceuticals, Biote	352030 Life Sciences Tools &	35203010 Life Sciences Tools & Services
MOLX	Molex Inc.	45 Information Techno	4520 Technology Hardware	452030 Electronic Equipmen	45203020 Electronic Manufacturing Services
TAP	Molson Coors Brev	30 Consumer Staples	3020 Food Beverage & Toba	302010 Beverages	30201010 Brewers
MON	Monsanto Co.	15 Materials	1510 Materials	151010 Chemicals	15101030 Fertilizers & Agricultural Chemicals
MNST	Monster Worldwide	20 Industrials	2020 Commercial Services &	202010 Commercial Services	20201040 Human Resource & Employment Services
MCO	Moody's Corp	40 Financials	4020 Diversified Financials	402010 Diversified Financial	40201040 Specialized Finance

MS	Morgan Stanley	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203020	Investment Banking & Brokerage
MOT	Motorola Inc.	45	Information Techno	4520	Technology Hardware ‹	452010	Communications Equ	45201020	Communications Equipment
MUR	Murphy Oil	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102010	Integrated Oil & Gas
MYL	Mylan Laboratories	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
NCR	NCR Corp.	45	Information Techno	4520	Technology Hardware ‹	452020	Computers & Periph	45202010	Computer Hardware
GAS	NICOR Inc.	55	Utilities	5510	Utilities	551020	Gas Utilities	55102010	Gas Utilities
NKE	NIKE Inc.	25	Consumer Discretic	2520	Consumer Durables &	252030	Textiles, Apparel & L	25203020	Footwear
NVDA	NVIDIA Corp.	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
NBR	Nabors Industries I	10	Energy	1010	Energy	101010	Energy Equipment &	10101010	Oil & Gas Drilling
NCC	National City Corp.	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
NOV	National Oilwell Va	10	Energy	1010	Energy	101010	Energy Equipment &	10101020	Oil & Gas Equipment & Services
NSM	National Semicond	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
NTAP	Network Appliance	45	Information Techno	4520	Technology Hardware ‹	452020	Computers & Periph	45202020	Computer Storage & Peripherals
NYT	New York Times C	25	Consumer Discretic	2540	Media	254010	Media	25401040	Publishing
NWL	Newell Rubbermai	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201050	Housewares & Specialties
NEM	Newmont Mining C	15	Materials	1510	Materials	151040	Metals & Mining	15104030	Gold
NWS.A	News Corporation	25	Consumer Discretic	2540	Media	254010	Media	25401030	Movies & Entertainment
NI	NiSource Inc.	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
NE	Noble Corporation	10	Energy	1010	Energy	101010	Energy Equipment &	10101010	Oil & Gas Drilling
JWN	Nordstrom	25	Consumer Discretic	2550	Retailing	255030	Multiline Retail	25503010	Department Stores
NSC	Norfolk Southern C	20	Industrials	2030	Transportation	203040	Road & Rail	20304010	Railroads
NTRS	Northern Trust Cor	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203010	Asset Management & Custody Banks
NOC	Northrop Grummar	20	Industrials	2010	Capital Goods	201010	Aerospace & Defens	20101010	Aerospace & Defense
NOVL	Novell Inc.	45	Information Techno	4510	Software & Services	451030	Software	45103020	Systems Software
NVLS	Novellus Systems	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301010	Semiconductor Equipment
NUE	Nucor Corp.	15	Materials	1510	Materials	151040	Metals & Mining	15104050	Steel
OXY	Occidental Petrole	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102010	Integrated Oil & Gas
ODP	Office Depot	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504040	Specialty Stores
OMX	OfficeMax Inc.	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504040	Specialty Stores
OMC	Omnicom Group	25	Consumer Discretic	2540	Media	254010	Media	25401010	Advertising
ORCL	Oracle Corp.	45	Information Techno	4510	Software & Services	451030	Software	45103020	Systems Software
PCAR	PACCAR Inc.	20	Industrials	2010	Capital Goods	201060	Machinery	20106010	Construction & Farm Machinery & Heavy Trucks
PCG	PG&E Corp.	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
PMCS	PMC-Sierra Inc.	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
PNC	PNC Financial Ser	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
PPG	PPG Industries	15	Materials	1510	Materials	151010	Chemicals	15101020	Diversified Chemicals
PPL	PPL Corp.	55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities
PTV	Pactiv Corp.	15	Materials	1510	Materials	151030	Containers & Packag	15103010	Metal & Glass Containers
PLL	Pall Corp.	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery
PH	Parker-Hannifin	20	Industrials	2010	Capital Goods	201060	Machinery	20106020	Industrial Machinery
PDCO	Patterson Cos. Inc.	35	Health Care	3510	Health Care Equipment	351020	Health Care Provider	35102010	Health Care Distributors
PAYX	Paychex Inc.	45	Information Techno	4510	Software & Services	451020	IT Services	45102020	Data Processing & Outsourced Services
BTU	Peabody Energy	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102050	Coal & Consumable Fuels
JCP	Penney (J.C.)	25	Consumer Discretic	2550	Retailing	255030	Multiline Retail	25503010	Department Stores
PBG	Pepsi Bottling Grou	30	Consumer Staples	3020	Food Beverage & Toba	302010	Beverages	30201030	Soft Drinks
PEP	PepsiCo Inc.	30	Consumer Staples	3020	Food Beverage & Toba	302010	Beverages	30201030	Soft Drinks
PKI	PerkinElmer	35	Health Care	3520	Pharmaceuticals, Biote	352030	Life Sciences Tools ‹	35203010	Life Sciences Tools & Services
PFE	Pfizer, Inc.	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
PNW	Pinnacle West Cap	55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities
PBI	Pitney-Bowes	20	Industrials	2020	Commercial Services &	202010	Commercial Service	20201060	Office Services & Supplies
PCL	Plum Creek Timbe	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402070	Specialized REITs
RL	Polo Ralph Lauren	25	Consumer Discretic	2520	Consumer Durables &	252030	Textiles, Apparel & L	25203010	Apparel, Accessories & Luxury Goods
PX	Praxair, Inc.	15	Materials	1510	Materials	151010	Chemicals	15101040	Industrial Gases

PFG	Principal Financial	40	Financials	4030	Insurance	403010	Insurance	40301020	Life & Health Insurance
PLD	ProLogis	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402020	Industrial REITs
PG	Procter & Gamble	30	Consumer Staples	3030	Household & Personal	303010	Household Products	30301010	Household Products
PGN	Progress Energy, I	55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities
PGR	Progressive Corp.	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
PRU	Prudential Financia	40	Financials	4030	Insurance	403010	Insurance	40301020	Life & Health Insurance
PEG	Public Serv. Enterp	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
PSA	Public Storage	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402070	Specialized REITs
PHM	Pulte Homes, Inc.	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201030	Homebuilding
QLGC	QLogic Corp.	45	Information Techno	4520	Technology Hardware	452020	Computers & Periphe	45202020	Computer Storage & Peripherals
QCOM	QUALCOMM Inc.	45	Information Techno	4520	Technology Hardware	452010	Communications Equ	45201020	Communications Equipment
DGX	Quest Diagnostics	35	Health Care	3510	Health Care Equipment	351020	Health Care Provider	35102015	Health Care Services
STR	Questar Corp.	55	Utilities	5510	Utilities	551020	Gas Utilities	55102010	Gas Utilities
Q	Qwest Communica	50	Telecommunication	5010	Telecommunication Se	501010	Diversified Telecomr	50101020	Integrated Telecommunication Services
RSH	RadioShack Corp	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504020	Computer & Electronics Retail
RTN	Raytheon Co. (Nev	20	Industrials	2010	Capital Goods	201010	Aerospace & Defens	20101010	Aerospace & Defense
RF	Regions Financial	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
RAI	Reynolds Americar	30	Consumer Staples	3020	Food Beverage & Toba	302030	Tobacco	30203010	Tobacco
RHI	Robert Half Interna	20	Industrials	2020	Commercial Services &	202010	Commercial Services	20201040	Human Resource & Employment Services
ROK	Rockwell Automati	20	Industrials	2010	Capital Goods	201040	Electrical Equipment	20104010	Electrical Components & Equipment
COL	Rockwell Collins	20	Industrials	2010	Capital Goods	201010	Aerospace & Defens	20101010	Aerospace & Defense
ROH	Rohm & Haas	15	Materials	1510	Materials	151010	Chemicals	15101050	Specialty Chemicals
RDC	Rowan Cos.	10	Energy	1010	Energy	101010	Energy Equipment &	10101010	Oil & Gas Drilling
R	Ryder System	20	Industrials	2030	Transportation	203040	Road & Rail	20304020	Trucking
SAF	SAFECO Corp.	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
SLM	SLM Corporation	40	Financials	4020	Diversified Financials	402020	Consumer Finance	40202010	Consumer Finance
SWY	Safeway Inc.	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101030	Food Retail
SNDK	SanDisk Corporati	45	Information Techno	4520	Technology Hardware	452020	Computers & Periphe	45202020	Computer Storage & Peripherals
SANM	Sanmina-SCI Corp	45	Information Techno	4520	Technology Hardware	452030	Electronic Equipmen	45203020	Electronic Manufacturing Services
SLE	Sara Lee Corp.	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
SGP	Schering-Plough	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
SLB	Schlumberger Ltd.	10	Energy	1010	Energy	101010	Energy Equipment &	10101020	Oil & Gas Equipment & Services
SSP	Scripps (E. W.) 'A'	25	Consumer Discretic	2540	Media	254010	Media	25401020	Broadcasting & Cable TV
SEE	Sealed Air Corp.(N	15	Materials	1510	Materials	151030	Containers & Packag	15103020	Paper Packaging
SHLD	Sears Holdings Co	25	Consumer Discretic	2550	Retailing	255030	Multiline Retail	25503010	Department Stores
SRE	Sempra Energy	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
SHW	Sherwin-Williams	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504030	Home Improvement Retail
SIAL	Sigma-Aldrich	15	Materials	1510	Materials	151010	Chemicals	15101050	Specialty Chemicals
SPG	Simon Property Gr	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402060	Retail REITs
SII	Smith International	10	Energy	1010	Energy	101010	Energy Equipment &	10101020	Oil & Gas Equipment & Services
SNA	Snap-On Inc.	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201040	Household Appliances
SLR	Solectron	45	Information Techno	4520	Technology Hardware	452030	Electronic Equipmen	45203020	Electronic Manufacturing Services
SO	Southern Co.	55	Utilities	5510	Utilities	551010	Electric Utilities	55101010	Electric Utilities
LUV	Southwest Airlines	20	Industrials	2030	Transportation	203020	Airlines	20302010	Airlines
SOV	Sovereign Bancorp	40	Financials	4010	Banks	401020	Thrifts & Mortgage Fi	40102010	Thrifts & Mortgage Finance
SE	Spectra Energy Co	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102040	Oil & Gas Storage & Transportation
S	Sprint Nextel Corp.	50	Telecommunication	5010	Telecommunication Se	501020	Wireless Telecommu	50102010	Wireless Telecommunication Services
STJ	St Jude Medical	35	Health Care	3510	Health Care Equipment	351010	Health Care Equipme	35101010	Health Care Equipment
SWK	Stanley Works	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201040	Household Appliances
SPLS	Staples Inc.	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504040	Specialty Stores
SBUX	Starbucks Corp.	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301040	Restaurants
HOT	Starwood Hotels &	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301020	Hotels, Resorts & Cruise Lines
STT	State Street Corp.	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203010	Asset Management & Custody Banks

SYK	Stryker Corp.	35	Health Care	3510	Health Care Equipment	351010	Health Care Equipm	35101010	Health Care Equipment
SUNW	Sun Microsystems	45	Information Techno	4520	Technology Hardware &	452020	Computers & Periph	45202010	Computer Hardware
STI	SunTrust Banks	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
SUN	Sunoco, Inc.	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102030	Oil & Gas Refining & Marketing
SVU	Supervalu Inc.	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101030	Food Retail
SYMC	Symantec Corp.	45	Information Techno	4510	Software & Services	451030	Software	45103020	Systems Software
SNV	Synovus Financial	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
SYY	Sysco Corp.	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101020	Food Distributors
TROW	T. Rowe Price Gro	40	Financials	4020	Diversified Financials	402030	Capital Markets	40203010	Asset Management & Custody Banks
TE	TECO Energy	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
TJX	TJX Companies In	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504010	Apparel Retail
TXU	TXU Corp.	55	Utilities	5510	Utilities	551050	Independent Power I	55105010	Independent Power Producers & Energy Traders
TGT	Target Corp.	25	Consumer Discretic	2550	Retailing	255030	Multiline Retail	25503020	General Merchandise Stores
TEK	Tektronix Inc.	45	Information Techno	4520	Technology Hardware &	452030	Electronic Equipmen	45203010	Electronic Equipment Manufacturers
TLAB	Tellabs, Inc.	45	Information Techno	4520	Technology Hardware &	452010	Communications Eq	45201020	Communications Equipment
TIN	Temple-Inland	15	Materials	1510	Materials	151030	Containers & Packag	15103020	Paper Packaging
THC	Tenet Healthcare (	35	Health Care	3510	Health Care Equipment	351020	Health Care Provide	35102020	Health Care Facilities
TER	Teradyne Inc.	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301010	Semiconductor Equipment
TEX	Terex Corp.	20	Industrials	2010	Capital Goods	201060	Machinery	20106010	Construction & Farm Machinery & Heavy Trucks
TXN	Texas Instruments	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
TXT	Textron Inc.	20	Industrials	2010	Capital Goods	201050	Industrial Conglomer	20105010	Industrial Conglomerates
HSY	The Hershey Comp	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
TRV	The Travelers Com	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
TMO	Thermo Fisher Sci	35	Health Care	3520	Pharmaceuticals, Biote	352030	Life Sciences Tools &	35203010	Life Sciences Tools & Services
TIF	Tiffany & Co.	25	Consumer Discretic	2550	Retailing	255040	Specialty Retail	25504040	Specialty Stores
TWX	Time Warner Inc.	25	Consumer Discretic	2540	Media	254010	Media	25401030	Movies & Entertainment
TMK	Torchmark Corp.	40	Financials	4030	Insurance	403010	Insurance	40301020	Life & Health Insurance
RIG	Transocean Inc.	10	Energy	1010	Energy	101010	Energy Equipment &	10101010	Oil & Gas Drilling
TRB	Tribune Co.	25	Consumer Discretic	2540	Media	254010	Media	25401040	Publishing
TYC	Tyco International	20	Industrials	2010	Capital Goods	201050	Industrial Conglomer	20105010	Industrial Conglomerates
TSN	Tyson Foods	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
USB	U.S. Bancorp	40	Financials	4010	Banks	401010	Commercial Banks	40101010	Diversified Banks
UST	UST Inc.	30	Consumer Staples	3020	Food Beverage & Toba	302030	Tobacco	30203010	Tobacco
UNP	Union Pacific	20	Industrials	2030	Transportation	203040	Road & Rail	20304010	Railroads
UIS	Unisys Corp.	45	Information Techno	4510	Software & Services	451020	IT Services	45102010	IT Consulting & Other Services
UNH	United Health Grou	35	Health Care	3510	Health Care Equipment	351020	Health Care Provide	35102030	Managed Health Care
UPS	United Parcel Serv	20	Industrials	2030	Transportation	203010	Air Freight & Logistic	20301010	Air Freight & Logistics
X	United States Stee	15	Materials	1510	Materials	151040	Metals & Mining	15104050	Steel
UTX	United Technologie	20	Industrials	2010	Capital Goods	201010	Aerospace & Defens	20101010	Aerospace & Defense
UNM	Unum Group	40	Financials	4030	Insurance	403010	Insurance	40301020	Life & Health Insurance
VFC	V.F. Corp.	25	Consumer Discretic	2520	Consumer Durables &	252030	Textiles, Apparel & L	25203010	Apparel, Accessories & Luxury Goods
VLO	Valero Energy	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102030	Oil & Gas Refining & Marketing
VAR	Varian Medical Sys	35	Health Care	3510	Health Care Equipment	351010	Health Care Equipm	35101010	Health Care Equipment
VRSN	Verisign Inc.	45	Information Techno	4510	Software & Services	451010	Internet Software & S	45101010	Internet Software & Services
VZ	Verizon Communic	50	Telecommunication	5010	Telecommunication Se	501010	Diversified Telecomr	50101020	Integrated Telecommunication Services
VIA.B	Viacom Inc. (New)	25	Consumer Discretic	2540	Media	254010	Media	25401030	Movies & Entertainment
VNO	Vornado Realty Tr	40	Financials	4040	Real Estate	404020	Real Estate Investme	40402010	Diversified REITs
VMC	Vulcan Materials	15	Materials	1510	Materials	151020	Construction Materia	15102010	Construction Materials
WB	Wachovia Corp. (N	40	Financials	4010	Banks	401010	Commercial Banks	40101010	Diversified Banks
WMT	Wal-Mart Stores	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101040	HyperMarkets & Super Centers
WAG	Walgreen Co.	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101010	Drug Retail
DIS	Walt Disney Co.	25	Consumer Discretic	2540	Media	254010	Media	25401030	Movies & Entertainment
WM	Washington Mutua	40	Financials	4010	Banks	401020	Thrifts & Mortgage Fi	40102010	Thrifts & Mortgage Finance

WMI	Waste Manageme	20	Industrials	2020	Commercial Services &	202010	Commercial Service	20201050	Environmental & Facilities Services
WAT	Waters Corporatio	35	Health Care	3520	Pharmaceuticals, Biote	352030	Life Sciences Tools &	35203010	Life Sciences Tools & Services
WPI	Watson Pharmace	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
WFT	Weatherford Intern	10	Energy	1010	Energy	101010	Energy Equipment &	10101020	Oil & Gas Equipment & Services
WLP	WellPoint Inc.	35	Health Care	3510	Health Care Equipment	351020	Health Care Provide	35102030	Managed Health Care
WFC	Wells Fargo	40	Financials	4010	Banks	401010	Commercial Banks	40101010	Diversified Banks
WEN	Wendy's Internatio	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301040	Restaurants
WU	Western Union Co	45	Information Techno	4510	Software & Services	451020	IT Services	45102020	Data Processing & Outsourced Services
WY	Weyerhaeuser Co	15	Materials	1510	Materials	151050	Paper & Forest Prod	15105010	Forest Products
WHR	Whirlpool Corp.	25	Consumer Discretic	2520	Consumer Durables &	252010	Household Durables	25201040	Household Appliances
WFMI	Whole Foods Mark	30	Consumer Staples	3010	Food & Staples Retailin	301010	Food & Staples Reta	30101030	Food Retail
WMB	Williams Cos.	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102040	Oil & Gas Storage & Transportation
WIN	Windstream Corpo	50	Telecommunication	5010	Telecommunication Se	501010	Diversified Telecomr	50101020	Integrated Telecommunication Services
WWY	Wrigley (Wm) Jr.	30	Consumer Staples	3020	Food Beverage & Toba	302020	Food Products	30202030	Packaged Foods & Meats
WYE	Wyeth	35	Health Care	3520	Pharmaceuticals, Biote	352020	Pharmaceuticals	35202010	Pharmaceuticals
WYN	Wyndham Worldwi	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301020	Hotels, Resorts & Cruise Lines
XL	XL Capital	40	Financials	4030	Insurance	403010	Insurance	40301040	Property & Casualty Insurance
XTO	XTO Energy Inc.	10	Energy	1010	Energy	101020	Oil, Gas & Consumal	10102020	Oil & Gas Exploration & Production
XEL	Xcel Energy Inc	55	Utilities	5510	Utilities	551030	Multi-Utilities	55103010	Multi-Utilities
XRX	Xerox Corp.	45	Information Techno	4520	Technology Hardware &	452040	Office Electronics	45204010	Office Electronics
XLNX	Xilinx, Inc	45	Information Techno	4530	Semiconductors & Sem	453010	Semiconductor & Se	45301020	Semiconductors
YHOO	Yahoo Inc.	45	Information Techno	4510	Software & Services	451010	Internet Software & S	45101010	Internet Software & Services
YUM	Yum! Brands, Inc	25	Consumer Discretic	2530	Consumer Services	253010	Hotels Restaurants &	25301040	Restaurants
ZMH	Zimmer Holdings	35	Health Care	3510	Health Care Equipment	351010	Health Care Equipme	35101010	Health Care Equipment
ZION	Zions Bancorp	40	Financials	4010	Banks	401010	Commercial Banks	40101015	Regional Banks
EBAY	eBay Inc.	45	Information Techno	4510	Software & Services	451010	Internet Software & S	45101010	Internet Software & Services

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 104

The questions in this section refer to the testimony of Paul R. Moul:

With reference to Appendix I, page I-4, please provide: (1) the methodology employed by Value Line in estimating the "Dividend Yield" and "Median Appreciation Potential," for the companies followed by Value Line, (2) the dividend yield and appreciation potential data for the individual companies covered by Value Line, (3) copies of the source documents and the dividend yields and projected EPS growth rates for each of the 500 companies in the S&P 500. For (2) and (3), please provide the data in both hard copy and electronic (Microsoft Excel) formats.

Response of Columbia Gas of Kentucky:

(1) Value Line's narrative of the "Median Appreciation Potential" as copied from their internet website is provided below.

Updated February 11, 2005

Value Line's 3- to 5-Year Appreciation Potential—An Update

The following is an update to the evaluation of our 3- to 5-year price appreciation potential that was first published on November 8, 2002. That article and accompanying chart detailed the methodology behind our evaluation and discussed some of the more interesting results. For the benefit of our subscribers, we briefly review the methodology used for this, and the previous, evaluation.

Price Appreciation Potential

The estimate of the median price appreciation potential is found by first calculating the percentage change between the current price of each stock in our universe and the middle of its 3- to 5-year Target Price Range. These figures are then arrayed, and the median price appreciation potential is determined. We select the median of the array (the middle) as the most likely price, in order to play down the effect of outliers, that is, excessively large or small percentage price changes.

The chart included below depicts the results of those projections from 1983 to 2004, using the Value Line Arithmetic Index as our measure of the market. For simplicity sake, we take the actual price as the average of the middle year of the 3- to 5-year forecast, so that a projection made at the end of 1983 would be compared to the average price of the index in 1987. Strictly speaking this would be a 3 1/2 year forecast, from the end of 1983 to midyear 1987.

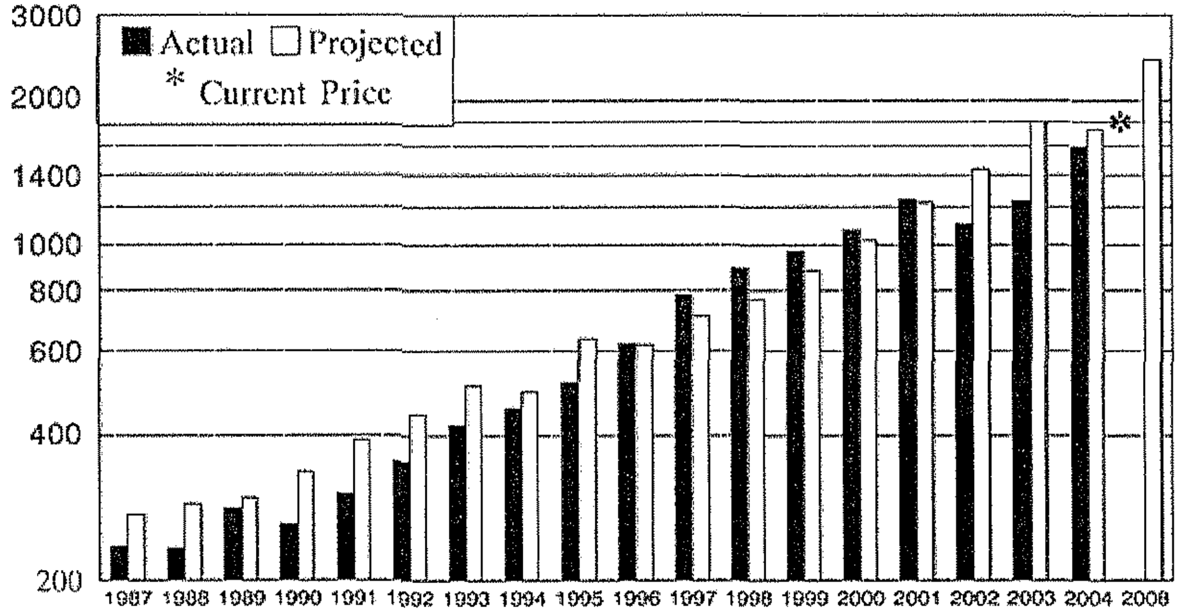
Update for 2004

Our estimate for the year 2004 (made at the end of 2000) was 1743. The average price of the Value Line Arithmetic Index in 2004 was 1594. Interestingly, the year ended with the Index at 1796, almost exactly in line with the 4-year projection made in 2000.

The average deviation between the projected and actual average prices was 17% (ignoring signs). The median deviation during this period was 14%.

Our projection for 2008 now stands at 2,425, 38% above the current level.

Four-Year Projections of the Value Line Arithmetic Index



	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2008
Actual	236	234	281	262	303	354	421	455	518	621	788	897	971	1072	1247	1107	1232	1594	
Projected	*274*	*287*	*296*	*335*	*390*	*442*	*508*	*495*	*637*	*618*	*707*	*769*	*893*	*1024*	*1228*	*1438*	*1795*	*1743*	*2425*

(1) and (3) The source document provided on page 5 of Attachment PRM-13 was the sole data relied upon by Mr. Moul in his testimony for this purpose. There is no additional data on an individual company basis that was used by Mr. Moul.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 105

The questions in this section refer to the testimony of Paul R. Moul:

Please provide electronic (Microsoft Excel) copies of the all Attachments, PRM-1 through PRM-14. Please provide electronic copies of all pages of the Attachments, with all data and equations in tact. For Attachments which use data that is not shown, such as individual company data, please provide electronic copies of this data as well.

Response of Columbia Gas of Kentucky:

The attachment to Mr. Moul's testimony is attached. One hard copy has been provided to the Attorney General and one CD with the same information has been provided to the Public Service Commission.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 106

Please provide, in electronic format, the bill frequency distributions alluded to on page 9 of Mr. Balmert's testimony.

Response of Columbia Gas of Kentucky:

Attached are the bill frequencies by rate schedule by customer class based on normalized volumes in compact disc (CD) format. The file name is 2007-00008 AG Set1-106 Attachment.pdf. Note the bill frequencies are generated through CKY's mainframe computer and therefore only a PDF format is available. Also note the bill frequencies do not include usage adjustments by rate block associated with new, conversion, and attrition customers calculated and shown on work paper WPM-E (see response to AG Set1-107 for Excel spreadsheet).

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	24760.	19.068	0.0	0.000	0.0	0.000
0.5	37877.	29.170	3661.8	0.104	49648.8	1.415
1.0	47059.	36.241	10744.8	0.306	93535.8	2.666
1.1	48515.	37.362	12346.4	0.352	101815.4	2.903
1.2	49873.	38.408	13976.0	0.398	109948.0	3.134
1.3	51130.	39.376	15610.1	0.445	117946.1	3.362
1.4	52327.	40.298	17285.9	0.493	125817.9	3.587
1.5	53419.	41.139	18923.9	0.539	133570.9	3.808
2.0	57873.	44.569	26443.4	0.754	170397.4	4.858
3.0	65472.	50.421	45239.6	1.290	238373.6	6.795
4.0	70825.	54.544	63888.7	1.821	299988.7	8.552
5.0	75116.	57.848	82901.9	2.363	356571.9	10.165
8.0	84184.	64.832	139900.0	3.988	505228.0	14.403
10.0	88690.	68.302	180417.2	5.143	592017.2	16.877
12.0	92303.	71.084	219820.3	6.267	670384.3	19.111
15.0	96219.	74.100	272233.0	7.761	776698.0	22.142
17.0	98680.	75.995	311146.8	8.870	841036.8	23.976
20.0	101808.	78.404	368002.0	10.491	928842.0	26.479
30.0	108543.	83.591	530553.8	15.125	1169763.8	33.347
40.0	112799.	86.869	676023.3	19.272	1358063.3	38.715
50.0	115754.	89.144	807144.4	23.010	1511944.4	43.102
60.0	117931.	90.821	926527.3	26.413	1641667.3	46.800
70.0	119620.	92.122	1035060.8	29.507	1751160.8	49.922
80.0	120854.	93.072	1128274.7	32.164	1847954.7	52.681
90.0	122003.	93.957	1224360.6	34.904	1930590.6	55.037
100.0	122825.	94.590	1302352.0	37.127	2004852.0	57.154
150.0	125389.	96.564	1610784.8	45.920	2279934.8	64.996
200.0	126745.	97.609	1842087.5	52.514	2463087.5	70.217
250.0	127542.	98.223	2017141.3	57.504	2594141.3	73.953
300.0	128067.	98.627	2161736.2	61.626	2696636.2	76.875
350.0	128420.	98.899	2274673.0	64.846	2775173.0	79.114
400.0	128691.	99.107	2377353.1	67.773	2840953.1	80.989
450.0	128880.	99.253	2456024.3	70.016	2892524.3	82.459
500.0	129036.	99.373	2530718.0	72.145	2937718.0	83.748
550.0	129152.	99.462	2590934.2	73.862	2974834.2	84.806
600.0	129243.	99.533	2643120.0	75.349	3007320.0	85.732
700.0	129380.	99.638	2731530.5	77.870	3060530.5	87.249
800.0	129471.	99.708	2799279.3	79.801	3102479.3	88.444
900.0	129538.	99.760	2855799.3	81.412	3136599.3	89.417
1000.0	129585.	99.796	2900132.8	82.676	3165132.8	90.231
1250.0	129666.	99.858	2989135.9	85.213	3219135.9	91.770
1500.0	129716.	99.897	3057190.0	87.153	3258190.0	92.883
1750.0	129751.	99.924	3112703.5	88.736	3285953.5	93.675
2000.0	129785.	99.950	3175152.1	90.516	3305152.1	94.222
99999.9	129850.	100.000	3507826.4	100.000	3507826.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSR
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	123997.	10.623	0.0	0.000	0.0	0.000
0.5	310263.	26.581	57892.6	0.859	486386.6	7.215
1.0	436951.	37.434	153271.3	2.274	883571.3	13.107
1.1	457652.	39.208	176042.4	2.611	956601.4	14.190
1.2	477761.	40.930	200173.2	2.969	1027561.2	15.243
1.3	497376.	42.611	225672.7	3.348	1096510.7	16.265
1.4	515760.	44.186	251410.3	3.729	1163497.3	17.259
1.5	532959.	45.659	277208.8	4.112	1228646.8	18.226
2.0	612863.	52.505	419057.6	6.216	1527833.6	22.664
3.0	731006.	62.626	712448.7	10.568	2021183.7	29.982
4.0	801023.	68.625	949028.1	14.078	2413940.1	35.808
5.0	849964.	72.818	1166865.6	17.309	2753300.6	40.842
8.0	934973.	80.100	1707033.5	25.322	3565257.5	52.887
10.0	970776.	83.168	2017995.2	29.935	3982745.2	59.079
12.0	991616.	84.953	2238753.2	33.209	4346373.2	64.473
15.0	1028405.	88.105	2714509.9	40.267	4797199.9	71.161
17.0	1048866.	89.858	3032404.2	44.982	5044949.2	74.836
20.0	1073999.	92.011	3491452.7	51.792	5356492.7	79.457
30.0	1126371.	96.498	4764835.5	70.681	5991235.5	88.873
40.0	1148090.	98.358	5486996.1	81.393	6253436.1	92.763
50.0	1157793.	99.190	5897991.4	87.490	6370891.4	94.505
60.0	1162300.	99.576	6138866.8	91.063	6435926.8	95.470
70.0	1164585.	99.772	6289152.0	93.292	6475772.0	96.061
80.0	1165482.	99.848	6354673.7	94.264	6496193.7	96.364
90.0	1165683.	99.866	6371527.7	94.514	6512647.7	96.608
100.0	1166166.	99.907	6415618.5	95.168	6524118.5	96.778
150.0	1166639.	99.948	6471406.6	95.996	6563206.6	97.358
200.0	1166808.	99.962	6498676.9	96.400	6587276.9	97.715
250.0	1166924.	99.972	6523211.9	96.764	6604961.9	97.977
300.0	1166981.	99.977	6538437.4	96.990	6619437.4	98.192
350.0	1167019.	99.980	6550597.8	97.171	6631797.8	98.375
400.0	1167046.	99.982	6560589.1	97.319	6642589.1	98.535
450.0	1167065.	99.984	6568579.6	97.437	6652279.6	98.679
500.0	1167092.	99.986	6581077.9	97.623	6660577.9	98.802
550.0	1167106.	99.988	6588414.9	97.732	6668164.9	98.915
600.0	1167118.	99.989	6595188.3	97.832	6674988.3	99.016
700.0	1167144.	99.991	6611902.8	98.080	6686802.8	99.191
800.0	1167161.	99.992	6624526.9	98.267	6696526.9	99.335
900.0	1167174.	99.993	6635548.1	98.431	6704848.1	99.459
1000.0	1167187.	99.995	6647789.4	98.612	6711789.4	99.562
1250.0	1167208.	99.996	6671135.7	98.959	6724885.7	99.756
1500.0	1167228.	99.998	6698861.2	99.370	6733361.2	99.882
1750.0	1167237.	99.999	6713375.0	99.585	6737875.0	99.949
2000.0	1167245.	99.999	6728320.4	99.807	6740320.4	99.985
99999.9	1167251.	100.000	6741333.9	100.000	6741333.9	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE G1C
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	1.	1.923	0.0	0.000	0.0	0.000
0.5	13.	25.000	1.3	0.022	21.3	0.358
1.0	13.	25.000	1.6	0.027	40.6	0.682
1.1	13.	25.000	1.6	0.027	44.6	0.749
1.2	14.	26.923	2.8	0.047	48.8	0.819
1.3	15.	28.846	4.1	0.069	52.1	0.875
1.4	16.	30.769	5.5	0.092	55.5	0.932
1.5	16.	30.769	5.5	0.092	59.5	0.999
2.0	20.	38.462	12.5	0.210	76.5	1.284
3.0	21.	40.385	14.7	0.247	107.7	1.808
4.0	23.	44.231	21.7	0.364	137.7	2.312
5.0	23.	44.231	21.7	0.364	166.7	2.799
8.0	27.	51.923	48.4	0.813	248.4	4.171
10.0	27.	51.923	48.4	0.813	298.4	5.010
12.0	29.	55.769	68.6	1.152	344.6	5.786
15.0	33.	63.462	120.8	2.028	405.8	6.813
17.0	33.	63.462	120.8	2.028	443.8	7.451
20.0	34.	65.385	138.8	2.330	498.8	8.375
30.0	35.	67.308	160.4	2.693	670.4	11.256
40.0	37.	71.154	321.2	5.393	921.2	15.466
50.0	37.	71.154	321.2	5.393	1071.2	17.985
60.0	40.	76.923	610.8	10.255	1330.8	22.343
70.0	42.	80.769	736.3	12.362	1436.3	24.115
80.0	43.	82.692	872.6	14.651	1592.6	26.739
90.0	46.	88.462	1964.3	32.980	2504.3	42.046
100.0	46.	88.462	1964.3	32.980	2564.3	43.053
150.0	47.	90.385	2202.0	36.971	2952.0	49.563
200.0	47.	90.385	2202.0	36.971	3202.0	53.760
250.0	48.	92.308	2595.5	43.577	3595.5	60.367
300.0	48.	92.308	2595.5	43.577	3795.5	63.725
350.0	48.	92.308	2595.5	43.577	3995.5	67.082
400.0	51.	98.077	4996.9	83.896	5396.9	90.611
450.0	51.	98.077	4996.9	83.896	5446.9	91.451
500.0	52.	100.000	5956.1	100.000	5956.1	100.000
550.0	52.	100.000	5956.1	100.000	5956.1	100.000
600.0	52.	100.000	5956.1	100.000	5956.1	100.000
700.0	52.	100.000	5956.1	100.000	5956.1	100.000
800.0	52.	100.000	5956.1	100.000	5956.1	100.000
900.0	52.	100.000	5956.1	100.000	5956.1	100.000
1000.0	52.	100.000	5956.1	100.000	5956.1	100.000
1250.0	52.	100.000	5956.1	100.000	5956.1	100.000
1500.0	52.	100.000	5956.1	100.000	5956.1	100.000
1750.0	52.	100.000	5956.1	100.000	5956.1	100.000
2000.0	52.	100.000	5956.1	100.000	5956.1	100.000
99999.9	52.	100.000	5956.1	100.000	5956.1	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE G1R
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	31.	8.179	0.0	0.000	0.0	0.000
0.5	90.	23.747	16.6	0.578	161.6	5.626
1.0	127.	33.509	44.7	1.556	296.7	10.330
1.1	135.	35.620	53.5	1.863	321.5	11.194
1.2	139.	36.675	58.3	2.030	346.3	12.057
1.3	146.	38.522	67.4	2.347	370.4	12.896
1.4	151.	39.842	74.4	2.590	393.4	13.697
1.5	154.	40.633	78.9	2.747	416.9	14.515
2.0	179.	47.230	120.9	4.209	520.9	18.136
3.0	213.	56.201	206.5	7.190	704.5	24.528
4.0	242.	63.852	305.6	10.640	853.6	29.719
5.0	262.	69.129	399.9	13.923	984.9	34.291
8.0	291.	76.781	583.7	20.322	1287.7	44.833
10.0	305.	80.475	717.9	24.995	1457.9	50.759
12.0	315.	83.113	828.7	28.852	1596.7	55.592
15.0	325.	85.752	965.2	33.605	1775.2	61.806
17.0	331.	87.335	1058.8	36.864	1874.8	65.274
20.0	338.	89.182	1193.0	41.536	2013.0	70.086
30.0	354.	93.404	1607.6	55.971	2357.6	82.083
40.0	366.	96.570	2039.0	70.991	2559.0	89.095
50.0	372.	98.153	2308.9	80.388	2658.9	92.574
60.0	374.	98.681	2420.0	84.256	2720.0	94.701
70.0	378.	99.736	2763.4	96.212	2833.4	98.649
80.0	378.	99.736	2763.4	96.212	2843.4	98.997
90.0	379.	100.000	2872.2	100.000	2872.2	100.000
100.0	379.	100.000	2872.2	100.000	2872.2	100.000
150.0	379.	100.000	2872.2	100.000	2872.2	100.000
200.0	379.	100.000	2872.2	100.000	2872.2	100.000
250.0	379.	100.000	2872.2	100.000	2872.2	100.000
300.0	379.	100.000	2872.2	100.000	2872.2	100.000
350.0	379.	100.000	2872.2	100.000	2872.2	100.000
400.0	379.	100.000	2872.2	100.000	2872.2	100.000
450.0	379.	100.000	2872.2	100.000	2872.2	100.000
500.0	379.	100.000	2872.2	100.000	2872.2	100.000
550.0	379.	100.000	2872.2	100.000	2872.2	100.000
600.0	379.	100.000	2872.2	100.000	2872.2	100.000
700.0	379.	100.000	2872.2	100.000	2872.2	100.000
800.0	379.	100.000	2872.2	100.000	2872.2	100.000
900.0	379.	100.000	2872.2	100.000	2872.2	100.000
1000.0	379.	100.000	2872.2	100.000	2872.2	100.000
1250.0	379.	100.000	2872.2	100.000	2872.2	100.000
1500.0	379.	100.000	2872.2	100.000	2872.2	100.000
1750.0	379.	100.000	2872.2	100.000	2872.2	100.000
2000.0	379.	100.000	2872.2	100.000	2872.2	100.000
99999.9	379.	100.000	2872.2	100.000	2872.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN3
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	2.	1.667	0.0	0.000	0.0	0.000
0.5	22.	18.333	4.1	0.285	53.1	3.696
1.0	30.	25.000	10.2	0.710	100.2	6.974
1.1	33.	27.500	13.5	0.940	109.5	7.622
1.2	35.	29.167	15.9	1.107	117.9	8.206
1.3	36.	30.000	17.2	1.197	126.2	8.784
1.4	38.	31.667	20.0	1.392	135.0	9.397
1.5	38.	31.667	20.0	1.392	143.0	9.953
2.0	44.	36.667	30.5	2.123	182.5	12.703
3.0	54.	45.000	55.3	3.849	253.3	17.631
4.0	62.	51.667	83.5	5.812	315.5	21.960
5.0	68.	56.667	111.1	7.733	371.1	25.830
8.0	83.	69.167	210.7	14.666	506.7	35.268
10.0	86.	71.667	237.8	16.552	577.8	40.217
12.0	89.	74.167	272.1	18.939	644.1	44.832
15.0	95.	79.167	355.8	24.765	730.8	50.867
17.0	96.	80.000	371.9	25.886	779.9	54.284
20.0	98.	81.667	408.6	28.440	848.6	59.066
30.0	106.	88.333	608.6	42.361	1028.6	71.595
40.0	111.	92.500	795.9	55.398	1155.9	80.455
50.0	114.	95.000	939.4	65.386	1239.4	86.267
60.0	115.	95.833	994.0	69.186	1294.0	90.068
70.0	118.	98.333	1224.7	85.244	1364.7	94.989
80.0	119.	99.167	1322.3	92.037	1402.3	97.606
90.0	119.	99.167	1322.3	92.037	1412.3	98.302
100.0	120.	100.000	1436.7	100.000	1436.7	100.000
150.0	120.	100.000	1436.7	100.000	1436.7	100.000
200.0	120.	100.000	1436.7	100.000	1436.7	100.000
250.0	120.	100.000	1436.7	100.000	1436.7	100.000
300.0	120.	100.000	1436.7	100.000	1436.7	100.000
350.0	120.	100.000	1436.7	100.000	1436.7	100.000
400.0	120.	100.000	1436.7	100.000	1436.7	100.000
450.0	120.	100.000	1436.7	100.000	1436.7	100.000
500.0	120.	100.000	1436.7	100.000	1436.7	100.000
550.0	120.	100.000	1436.7	100.000	1436.7	100.000
600.0	120.	100.000	1436.7	100.000	1436.7	100.000
700.0	120.	100.000	1436.7	100.000	1436.7	100.000
800.0	120.	100.000	1436.7	100.000	1436.7	100.000
900.0	120.	100.000	1436.7	100.000	1436.7	100.000
1000.0	120.	100.000	1436.7	100.000	1436.7	100.000
1250.0	120.	100.000	1436.7	100.000	1436.7	100.000
1500.0	120.	100.000	1436.7	100.000	1436.7	100.000
1750.0	120.	100.000	1436.7	100.000	1436.7	100.000
2000.0	120.	100.000	1436.7	100.000	1436.7	100.000
99999.9	120.	100.000	1436.7	100.000	1436.7	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN3
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	-2.0	-2.601	4.0	5.202
1.0	8.	66.667	3.2	4.161	7.2	9.363
1.1	8.	66.667	3.2	4.161	7.2	9.363
1.2	8.	66.667	3.2	4.161	8.2	10.663
1.3	8.	66.667	3.2	4.161	8.2	10.663
1.4	9.	75.000	4.6	5.982	8.6	11.183
1.5	11.	91.667	7.6	9.883	9.6	12.484
2.0	12.	100.000	76.9	100.000	76.9	100.000
3.0	12.	100.000	76.9	100.000	76.9	100.000
4.0	12.	100.000	76.9	100.000	76.9	100.000
5.0	12.	100.000	76.9	100.000	76.9	100.000
8.0	12.	100.000	76.9	100.000	76.9	100.000
10.0	12.	100.000	76.9	100.000	76.9	100.000
12.0	12.	100.000	76.9	100.000	76.9	100.000
15.0	12.	100.000	76.9	100.000	76.9	100.000
17.0	12.	100.000	76.9	100.000	76.9	100.000
20.0	12.	100.000	76.9	100.000	76.9	100.000
30.0	12.	100.000	76.9	100.000	76.9	100.000
40.0	12.	100.000	76.9	100.000	76.9	100.000
50.0	12.	100.000	76.9	100.000	76.9	100.000
60.0	12.	100.000	76.9	100.000	76.9	100.000
70.0	12.	100.000	76.9	100.000	76.9	100.000
80.0	12.	100.000	76.9	100.000	76.9	100.000
90.0	12.	100.000	76.9	100.000	76.9	100.000
100.0	12.	100.000	76.9	100.000	76.9	100.000
150.0	12.	100.000	76.9	100.000	76.9	100.000
200.0	12.	100.000	76.9	100.000	76.9	100.000
250.0	12.	100.000	76.9	100.000	76.9	100.000
300.0	12.	100.000	76.9	100.000	76.9	100.000
350.0	12.	100.000	76.9	100.000	76.9	100.000
400.0	12.	100.000	76.9	100.000	76.9	100.000
450.0	12.	100.000	76.9	100.000	76.9	100.000
500.0	12.	100.000	76.9	100.000	76.9	100.000
550.0	12.	100.000	76.9	100.000	76.9	100.000
600.0	12.	100.000	76.9	100.000	76.9	100.000
700.0	12.	100.000	76.9	100.000	76.9	100.000
800.0	12.	100.000	76.9	100.000	76.9	100.000
900.0	12.	100.000	76.9	100.000	76.9	100.000
1000.0	12.	100.000	76.9	100.000	76.9	100.000
1250.0	12.	100.000	76.9	100.000	76.9	100.000
1500.0	12.	100.000	76.9	100.000	76.9	100.000
1750.0	12.	100.000	76.9	100.000	76.9	100.000
2000.0	12.	100.000	76.9	100.000	76.9	100.000
99999.9	12.	100.000	76.9	100.000	76.9	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN4
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	-0.5	-0.495	5.5	5.440
1.0	0.	0.000	-2.0	-1.978	10.0	9.891
1.1	1.	8.333	-0.9	-0.890	11.1	10.979
1.2	2.	16.667	0.3	0.297	12.3	12.166
1.3	3.	25.000	1.6	1.583	13.6	13.452
1.4	3.	25.000	1.6	1.583	14.6	14.441
1.5	3.	25.000	1.6	1.583	15.6	15.430
2.0	4.	33.333	9.9	9.792	25.9	25.618
3.0	6.	50.000	20.7	20.475	38.7	38.279
4.0	8.	66.667	37.1	36.696	53.1	52.522
5.0	8.	66.667	37.1	36.696	57.1	56.479
8.0	11.	91.667	81.7	80.811	89.7	88.724
10.0	12.	100.000	101.1	100.000	101.1	100.000
12.0	12.	100.000	101.1	100.000	101.1	100.000
15.0	12.	100.000	101.1	100.000	101.1	100.000
17.0	12.	100.000	101.1	100.000	101.1	100.000
20.0	12.	100.000	101.1	100.000	101.1	100.000
30.0	12.	100.000	101.1	100.000	101.1	100.000
40.0	12.	100.000	101.1	100.000	101.1	100.000
50.0	12.	100.000	101.1	100.000	101.1	100.000
60.0	12.	100.000	101.1	100.000	101.1	100.000
70.0	12.	100.000	101.1	100.000	101.1	100.000
80.0	12.	100.000	101.1	100.000	101.1	100.000
90.0	12.	100.000	101.1	100.000	101.1	100.000
100.0	12.	100.000	101.1	100.000	101.1	100.000
150.0	12.	100.000	101.1	100.000	101.1	100.000
200.0	12.	100.000	101.1	100.000	101.1	100.000
250.0	12.	100.000	101.1	100.000	101.1	100.000
300.0	12.	100.000	101.1	100.000	101.1	100.000
350.0	12.	100.000	101.1	100.000	101.1	100.000
400.0	12.	100.000	101.1	100.000	101.1	100.000
450.0	12.	100.000	101.1	100.000	101.1	100.000
500.0	12.	100.000	101.1	100.000	101.1	100.000
550.0	12.	100.000	101.1	100.000	101.1	100.000
600.0	12.	100.000	101.1	100.000	101.1	100.000
700.0	12.	100.000	101.1	100.000	101.1	100.000
800.0	12.	100.000	101.1	100.000	101.1	100.000
900.0	12.	100.000	101.1	100.000	101.1	100.000
1000.0	12.	100.000	101.1	100.000	101.1	100.000
1250.0	12.	100.000	101.1	100.000	101.1	100.000
1500.0	12.	100.000	101.1	100.000	101.1	100.000
1750.0	12.	100.000	101.1	100.000	101.1	100.000
2000.0	12.	100.000	101.1	100.000	101.1	100.000
99999.9	12.	100.000	101.1	100.000	101.1	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN5
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	1.	1.667	0.0	0.000	0.0	0.000
0.5	9.	15.000	0.7	0.104	26.7	3.953
1.0	15.	25.000	4.3	0.637	49.3	7.299
1.1	17.	28.333	6.5	0.962	53.5	7.921
1.2	18.	30.000	7.7	1.140	57.7	8.543
1.3	20.	33.333	10.3	1.525	62.3	9.224
1.4	22.	36.667	13.1	1.940	66.1	9.787
1.5	22.	36.667	13.1	1.940	70.1	10.379
2.0	25.	41.667	18.0	2.665	88.0	13.029
3.0	28.	46.667	25.8	3.820	121.8	18.034
4.0	33.	55.000	44.4	6.574	152.4	22.564
5.0	36.	60.000	58.4	8.647	178.4	26.414
8.0	42.	70.000	98.0	14.510	242.0	35.831
10.0	44.	73.333	118.5	17.545	278.5	41.235
12.0	46.	76.667	139.4	20.640	307.4	45.514
15.0	48.	80.000	165.0	24.430	345.0	51.081
17.0	50.	83.333	218.7	32.381	388.7	57.551
20.0	50.	83.333	218.7	32.381	418.7	61.993
30.0	54.	90.000	328.3	48.608	508.3	75.259
40.0	56.	93.333	395.1	58.499	555.1	82.188
50.0	56.	93.333	395.1	58.499	595.1	88.111
60.0	58.	96.667	519.2	76.873	639.2	94.640
70.0	60.	100.000	675.4	100.000	675.4	100.000
80.0	60.	100.000	675.4	100.000	675.4	100.000
90.0	60.	100.000	675.4	100.000	675.4	100.000
100.0	60.	100.000	675.4	100.000	675.4	100.000
150.0	60.	100.000	675.4	100.000	675.4	100.000
200.0	60.	100.000	675.4	100.000	675.4	100.000
250.0	60.	100.000	675.4	100.000	675.4	100.000
300.0	60.	100.000	675.4	100.000	675.4	100.000
350.0	60.	100.000	675.4	100.000	675.4	100.000
400.0	60.	100.000	675.4	100.000	675.4	100.000
450.0	60.	100.000	675.4	100.000	675.4	100.000
500.0	60.	100.000	675.4	100.000	675.4	100.000
550.0	60.	100.000	675.4	100.000	675.4	100.000
600.0	60.	100.000	675.4	100.000	675.4	100.000
700.0	60.	100.000	675.4	100.000	675.4	100.000
800.0	60.	100.000	675.4	100.000	675.4	100.000
900.0	60.	100.000	675.4	100.000	675.4	100.000
1000.0	60.	100.000	675.4	100.000	675.4	100.000
1250.0	60.	100.000	675.4	100.000	675.4	100.000
1500.0	60.	100.000	675.4	100.000	675.4	100.000
1750.0	60.	100.000	675.4	100.000	675.4	100.000
2000.0	60.	100.000	675.4	100.000	675.4	100.000
99999.9	60.	100.000	675.4	100.000	675.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG2
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	2.	16.667	0.0	0.000	0.0	0.000
0.5	2.	16.667	-0.2	-0.035	4.8	0.840
1.0	2.	16.667	-1.3	-0.227	8.7	1.522
1.1	3.	25.000	-0.2	-0.035	9.8	1.714
1.2	3.	25.000	-0.2	-0.035	10.8	1.889
1.3	3.	25.000	-0.2	-0.035	11.8	2.064
1.4	3.	25.000	-0.2	-0.035	12.8	2.239
1.5	4.	33.333	1.3	0.227	13.3	2.327
2.0	4.	33.333	4.4	0.770	20.4	3.569
3.0	4.	33.333	4.4	0.770	28.4	4.969
4.0	4.	33.333	4.4	0.770	36.4	6.368
5.0	4.	33.333	4.4	0.770	44.4	7.768
8.0	5.	41.667	19.4	3.394	75.4	13.191
10.0	5.	41.667	19.4	3.394	89.4	15.640
12.0	5.	41.667	19.4	3.394	103.4	18.090
15.0	6.	50.000	50.5	8.835	140.5	24.580
17.0	7.	58.333	84.1	14.713	169.1	29.584
20.0	7.	58.333	84.1	14.713	184.1	32.208
30.0	7.	58.333	84.1	14.713	234.1	40.955
40.0	9.	75.000	230.7	40.360	350.7	61.354
50.0	9.	75.000	230.7	40.360	380.7	66.603
60.0	12.	100.000	571.6	100.000	571.6	100.000
70.0	12.	100.000	571.6	100.000	571.6	100.000
80.0	12.	100.000	571.6	100.000	571.6	100.000
90.0	12.	100.000	571.6	100.000	571.6	100.000
100.0	12.	100.000	571.6	100.000	571.6	100.000
150.0	12.	100.000	571.6	100.000	571.6	100.000
200.0	12.	100.000	571.6	100.000	571.6	100.000
250.0	12.	100.000	571.6	100.000	571.6	100.000
300.0	12.	100.000	571.6	100.000	571.6	100.000
350.0	12.	100.000	571.6	100.000	571.6	100.000
400.0	12.	100.000	571.6	100.000	571.6	100.000
450.0	12.	100.000	571.6	100.000	571.6	100.000
500.0	12.	100.000	571.6	100.000	571.6	100.000
550.0	12.	100.000	571.6	100.000	571.6	100.000
600.0	12.	100.000	571.6	100.000	571.6	100.000
700.0	12.	100.000	571.6	100.000	571.6	100.000
800.0	12.	100.000	571.6	100.000	571.6	100.000
900.0	12.	100.000	571.6	100.000	571.6	100.000
1000.0	12.	100.000	571.6	100.000	571.6	100.000
1250.0	12.	100.000	571.6	100.000	571.6	100.000
1500.0	12.	100.000	571.6	100.000	571.6	100.000
1750.0	12.	100.000	571.6	100.000	571.6	100.000
2000.0	12.	100.000	571.6	100.000	571.6	100.000
99999.9	12.	100.000	571.6	100.000	571.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG2
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	1.	8.333	-0.8	-0.085	5.2	0.551
1.0	1.	8.333	-2.2	-0.233	8.8	0.933
1.1	1.	8.333	-2.2	-0.233	9.8	1.039
1.2	1.	8.333	-2.2	-0.233	10.8	1.145
1.3	1.	8.333	-2.2	-0.233	11.8	1.251
1.4	1.	8.333	-2.2	-0.233	12.8	1.357
1.5	1.	8.333	-2.2	-0.233	14.8	1.569
2.0	1.	8.333	-1.1	-0.117	20.9	2.216
3.0	4.	33.333	57.0	6.045	81.0	8.590
4.0	5.	41.667	79.2	8.399	107.2	11.368
5.0	5.	41.667	79.2	8.399	114.2	12.110
8.0	5.	41.667	79.2	8.399	135.2	14.337
10.0	6.	50.000	136.1	14.433	196.1	20.795
12.0	7.	58.333	210.3	22.301	270.3	28.664
15.0	8.	66.667	310.0	32.874	370.0	39.236
17.0	8.	66.667	310.0	32.874	378.0	40.085
20.0	9.	75.000	431.4	45.748	491.4	52.110
30.0	12.	100.000	943.0	100.000	943.0	100.000
40.0	12.	100.000	943.0	100.000	943.0	100.000
50.0	12.	100.000	943.0	100.000	943.0	100.000
60.0	12.	100.000	943.0	100.000	943.0	100.000
70.0	12.	100.000	943.0	100.000	943.0	100.000
80.0	12.	100.000	943.0	100.000	943.0	100.000
90.0	12.	100.000	943.0	100.000	943.0	100.000
100.0	12.	100.000	943.0	100.000	943.0	100.000
150.0	12.	100.000	943.0	100.000	943.0	100.000
200.0	12.	100.000	943.0	100.000	943.0	100.000
250.0	12.	100.000	943.0	100.000	943.0	100.000
300.0	12.	100.000	943.0	100.000	943.0	100.000
350.0	12.	100.000	943.0	100.000	943.0	100.000
400.0	12.	100.000	943.0	100.000	943.0	100.000
450.0	12.	100.000	943.0	100.000	943.0	100.000
500.0	12.	100.000	943.0	100.000	943.0	100.000
550.0	12.	100.000	943.0	100.000	943.0	100.000
600.0	12.	100.000	943.0	100.000	943.0	100.000
700.0	12.	100.000	943.0	100.000	943.0	100.000
800.0	12.	100.000	943.0	100.000	943.0	100.000
900.0	12.	100.000	943.0	100.000	943.0	100.000
1000.0	12.	100.000	943.0	100.000	943.0	100.000
1250.0	12.	100.000	943.0	100.000	943.0	100.000
1500.0	12.	100.000	943.0	100.000	943.0	100.000
1750.0	12.	100.000	943.0	100.000	943.0	100.000
2000.0	12.	100.000	943.0	100.000	943.0	100.000
99999.9	12.	100.000	943.0	100.000	943.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG3
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	0.0	0.000	6.0	1.223
1.0	0.	0.000	-1.2	-0.245	10.8	2.202
1.1	0.	0.000	-1.2	-0.245	11.8	2.406
1.2	0.	0.000	-1.2	-0.245	12.8	2.610
1.3	0.	0.000	-1.2	-0.245	14.8	3.018
1.4	0.	0.000	-1.2	-0.245	15.8	3.222
1.5	0.	0.000	-1.2	-0.245	16.8	3.426
2.0	0.	0.000	-1.2	-0.245	22.8	4.649
3.0	0.	0.000	-1.2	-0.245	34.8	7.096
4.0	3.	25.000	22.8	4.649	58.8	11.990
5.0	4.	33.333	32.0	6.525	72.0	14.682
8.0	4.	33.333	32.0	6.525	96.0	19.576
10.0	4.	33.333	32.0	6.525	112.0	22.838
12.0	4.	33.333	32.0	6.525	128.0	26.101
15.0	5.	41.667	60.2	12.276	165.2	33.687
17.0	6.	50.000	94.0	19.168	196.0	39.967
20.0	6.	50.000	94.0	19.168	214.0	43.638
30.0	10.	83.333	319.3	65.110	379.3	77.345
40.0	11.	91.667	402.2	82.015	442.2	90.171
50.0	12.	100.000	490.4	100.000	490.4	100.000
60.0	12.	100.000	490.4	100.000	490.4	100.000
70.0	12.	100.000	490.4	100.000	490.4	100.000
80.0	12.	100.000	490.4	100.000	490.4	100.000
90.0	12.	100.000	490.4	100.000	490.4	100.000
100.0	12.	100.000	490.4	100.000	490.4	100.000
150.0	12.	100.000	490.4	100.000	490.4	100.000
200.0	12.	100.000	490.4	100.000	490.4	100.000
250.0	12.	100.000	490.4	100.000	490.4	100.000
300.0	12.	100.000	490.4	100.000	490.4	100.000
350.0	12.	100.000	490.4	100.000	490.4	100.000
400.0	12.	100.000	490.4	100.000	490.4	100.000
450.0	12.	100.000	490.4	100.000	490.4	100.000
500.0	12.	100.000	490.4	100.000	490.4	100.000
550.0	12.	100.000	490.4	100.000	490.4	100.000
600.0	12.	100.000	490.4	100.000	490.4	100.000
700.0	12.	100.000	490.4	100.000	490.4	100.000
800.0	12.	100.000	490.4	100.000	490.4	100.000
900.0	12.	100.000	490.4	100.000	490.4	100.000
1000.0	12.	100.000	490.4	100.000	490.4	100.000
1250.0	12.	100.000	490.4	100.000	490.4	100.000
1500.0	12.	100.000	490.4	100.000	490.4	100.000
1750.0	12.	100.000	490.4	100.000	490.4	100.000
2000.0	12.	100.000	490.4	100.000	490.4	100.000
99999.9	12.	100.000	490.4	100.000	490.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG4
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	-0.3	-0.109	5.7	2.072
1.0	0.	0.000	-1.5	-0.545	10.5	3.817
1.1	0.	0.000	-1.5	-0.545	11.5	4.180
1.2	0.	0.000	-1.5	-0.545	12.5	4.544
1.3	0.	0.000	-1.5	-0.545	14.5	5.271
1.4	0.	0.000	-1.5	-0.545	15.5	5.634
1.5	0.	0.000	-1.5	-0.545	16.5	5.998
2.0	3.	25.000	9.5	3.453	27.5	9.996
3.0	4.	33.333	15.0	5.453	39.0	14.177
4.0	5.	41.667	23.0	8.361	51.0	18.539
5.0	6.	50.000	32.5	11.814	62.5	22.719
8.0	6.	50.000	32.5	11.814	80.5	29.262
10.0	7.	58.333	53.3	19.375	103.3	37.550
12.0	7.	58.333	53.3	19.375	113.3	41.185
15.0	7.	58.333	53.3	19.375	128.3	46.638
17.0	8.	66.667	85.1	30.934	153.1	55.652
20.0	8.	66.667	85.1	30.934	165.1	60.015
30.0	12.	100.000	275.1	100.000	275.1	100.000
40.0	12.	100.000	275.1	100.000	275.1	100.000
50.0	12.	100.000	275.1	100.000	275.1	100.000
60.0	12.	100.000	275.1	100.000	275.1	100.000
70.0	12.	100.000	275.1	100.000	275.1	100.000
80.0	12.	100.000	275.1	100.000	275.1	100.000
90.0	12.	100.000	275.1	100.000	275.1	100.000
100.0	12.	100.000	275.1	100.000	275.1	100.000
150.0	12.	100.000	275.1	100.000	275.1	100.000
200.0	12.	100.000	275.1	100.000	275.1	100.000
250.0	12.	100.000	275.1	100.000	275.1	100.000
300.0	12.	100.000	275.1	100.000	275.1	100.000
350.0	12.	100.000	275.1	100.000	275.1	100.000
400.0	12.	100.000	275.1	100.000	275.1	100.000
450.0	12.	100.000	275.1	100.000	275.1	100.000
500.0	12.	100.000	275.1	100.000	275.1	100.000
550.0	12.	100.000	275.1	100.000	275.1	100.000
600.0	12.	100.000	275.1	100.000	275.1	100.000
700.0	12.	100.000	275.1	100.000	275.1	100.000
800.0	12.	100.000	275.1	100.000	275.1	100.000
900.0	12.	100.000	275.1	100.000	275.1	100.000
1000.0	12.	100.000	275.1	100.000	275.1	100.000
1250.0	12.	100.000	275.1	100.000	275.1	100.000
1500.0	12.	100.000	275.1	100.000	275.1	100.000
1750.0	12.	100.000	275.1	100.000	275.1	100.000
2000.0	12.	100.000	275.1	100.000	275.1	100.000
99999.9	12.	100.000	275.1	100.000	275.1	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED GTS

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTO
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	8009.	18.936	0.0	0.000	0.0	0.000
0.5	11742.	27.762	1040.8	0.075	16317.8	1.173
1.0	14546.	34.392	3248.9	0.233	30997.9	2.228
1.1	14979.	35.416	3725.2	0.268	33773.2	2.427
1.2	15396.	36.401	4225.6	0.304	36504.6	2.623
1.3	15782.	37.314	4727.4	0.340	39194.4	2.817
1.4	16134.	38.146	5220.2	0.375	41845.2	3.007
1.5	16484.	38.974	5745.2	0.413	44462.2	3.195
2.0	18033.	42.636	8410.5	0.604	56934.5	4.092
3.0	20311.	48.022	14110.0	1.014	80062.0	5.754
4.0	22006.	52.030	19971.7	1.435	101127.7	7.267
5.0	23396.	55.316	26253.9	1.887	120748.9	8.678
8.0	26319.	62.227	44728.6	3.214	172536.6	12.399
10.0	27768.	65.653	57661.7	4.144	202931.7	14.583
12.0	28943.	68.431	70255.2	5.049	230479.2	16.563
15.0	30319.	71.685	88553.8	6.364	268193.8	19.273
17.0	31037.	73.382	100261.3	7.205	291647.3	20.959
20.0	32027.	75.723	118226.5	8.496	323586.5	23.254
30.0	34417.	81.374	176309.4	12.670	412649.4	29.655
40.0	35871.	84.811	225428.6	16.200	482388.6	34.666
50.0	36932.	87.320	272871.2	19.610	541021.2	38.880
60.0	37702.	89.141	314208.5	22.580	589788.5	42.385
70.0	38293.	90.538	352529.7	25.334	632669.7	45.466
80.0	38729.	91.569	385230.4	27.684	670510.4	48.186
90.0	39133.	92.524	418870.8	30.102	703450.8	50.553
100.0	39409.	93.176	445054.0	31.983	733654.0	52.723
150.0	40471.	95.687	572454.0	41.139	846054.0	60.801
200.0	40993.	96.922	660538.7	47.469	920938.7	66.182
250.0	41321.	97.697	733195.9	52.690	976695.9	70.189
300.0	41536.	98.205	791131.2	56.854	1018831.2	73.217
350.0	41670.	98.522	835016.1	60.008	1053766.1	75.728
400.0	41780.	98.782	876380.1	62.980	1082380.1	77.784
450.0	41861.	98.974	910212.2	65.412	1105512.2	79.447
500.0	41911.	99.092	934092.4	67.128	1126092.4	80.926
550.0	41975.	99.243	966597.0	69.464	1142597.0	82.112
600.0	42021.	99.352	993317.8	71.384	1157717.8	83.198
700.0	42078.	99.487	1030094.9	74.027	1181994.9	84.943
800.0	42120.	99.586	1061527.7	76.286	1201527.7	86.347
900.0	42152.	99.662	1088710.5	78.239	1217410.5	87.488
1000.0	42172.	99.709	1107680.1	79.602	1230680.1	88.442
1250.0	42211.	99.801	1150921.4	82.710	1255921.4	90.256
1500.0	42233.	99.853	1180880.0	84.863	1273880.0	91.546
1750.0	42249.	99.891	1206889.1	86.732	1287389.1	92.517
2000.0	42257.	99.910	1221575.3	87.787	1297575.3	93.249
99999.9	42295.	100.000	1391516.5	100.000	1391516.5	100.000

COLUMBIA GAS OF KENTUCKY, INC.

· DIS BILLED GTS

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTR
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	33831.	10.462	0.0	0.000	0.0	0.000
0.5	82215.	25.423	15037.1	0.719	135621.1	6.484
1.0	116052.	35.887	40866.5	1.954	248197.5	11.866
1.1	121561.	37.590	46926.4	2.243	268930.4	12.857
1.2	126641.	39.161	53022.4	2.535	289112.4	13.822
1.3	131589.	40.691	59454.8	2.842	308786.8	14.762
1.4	136574.	42.233	66433.8	3.176	327966.8	15.679
1.5	141347.	43.709	73593.3	3.518	346647.3	16.572
2.0	162388.	50.215	110225.8	5.270	432215.8	20.663
3.0	194746.	60.221	190952.8	9.129	576863.8	27.579
4.0	215779.	66.726	263287.3	12.587	693703.3	33.164
5.0	229763.	71.050	325038.6	15.539	793138.6	37.918
8.0	253622.	78.428	476542.3	22.782	1034630.3	49.463
10.0	263798.	81.574	565846.5	27.052	1161696.5	55.538
12.0	271750.	84.033	651105.9	31.128	1270701.9	60.749
15.0	281269.	86.977	777677.4	37.179	1409387.4	67.380
17.0	285648.	88.331	848384.5	40.559	1489879.5	71.228
20.0	292151.	90.342	966365.3	46.200	1591005.3	76.062
30.0	308235.	95.316	1354539.9	64.757	1808979.9	86.483
40.0	315884.	97.681	1611086.4	77.022	1911046.4	91.363
50.0	319660.	98.849	1774883.4	84.853	1961033.4	93.753
60.0	321427.	99.395	1866562.8	89.236	1983922.8	94.847
70.0	322199.	99.634	1917259.1	91.660	2000139.1	95.622
80.0	322674.	99.781	1953240.1	93.380	2009960.1	96.092
90.0	322899.	99.850	1972007.6	94.277	2015567.6	96.360
100.0	322946.	99.865	1976344.2	94.485	2020044.2	96.574
150.0	323190.	99.940	2003912.7	95.803	2032862.7	97.187
200.0	323243.	99.957	2012669.5	96.221	2040669.5	97.560
250.0	323276.	99.967	2019649.1	96.555	2046399.1	97.834
300.0	323301.	99.975	2026125.4	96.864	2050725.4	98.041
350.0	323309.	99.977	2028711.8	96.988	2054611.8	98.226
400.0	323321.	99.981	2033132.4	97.199	2057932.4	98.385
450.0	323326.	99.982	2035234.7	97.300	2060884.7	98.526
500.0	323331.	99.984	2037599.4	97.413	2063599.4	98.656
550.0	323339.	99.986	2041738.4	97.611	2065938.4	98.768
600.0	323341.	99.987	2042900.3	97.666	2068100.3	98.871
700.0	323348.	99.989	2047382.2	97.881	2071882.2	99.052
800.0	323354.	99.991	2051880.9	98.096	2075080.9	99.205
900.0	323359.	99.993	2056147.0	98.300	2077747.0	99.332
1000.0	323361.	99.993	2058046.8	98.391	2080046.8	99.442
1250.0	323368.	99.995	2065750.1	98.759	2084500.1	99.655
1500.0	323372.	99.997	2071124.0	99.016	2087624.0	99.805
1750.0	323378.	99.998	2080920.6	99.484	2089670.6	99.902
2000.0	323380.	99.999	2084766.3	99.668	2090766.3	99.955
99999.9	323383.	100.000	2091711.7	100.000	2091711.7	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	55.	7.902	0.0	0.000	0.0	0.000
1.0	56.	8.046	1.0	0.000	641.0	0.166
25.0	129.	18.534	721.7	0.187	14896.7	3.859
50.0	161.	23.132	1847.3	0.479	28597.3	7.408
400.0	444.	63.793	58240.1	15.086	159040.1	41.196
1000.0	606.	87.069	164510.3	42.613	254510.3	65.925
2000.0	665.	95.546	243778.4	63.146	305778.4	79.205
2500.0	673.	96.695	261700.5	67.788	319200.5	82.682
3000.0	678.	97.414	275315.9	71.315	329315.9	85.302
4000.0	684.	98.276	295426.5	76.524	343426.5	88.957
5000.0	690.	99.138	323569.5	83.814	353569.5	91.585
6000.0	691.	99.282	329276.6	85.292	359276.6	93.063
7000.0	691.	99.282	329276.6	85.292	364276.6	94.358
8000.0	692.	99.425	337056.0	87.307	369056.0	95.596
9000.0	692.	99.425	337056.0	87.307	373056.0	96.632
10000.0	693.	99.569	346791.8	89.829	376791.8	97.600
11000.0	693.	99.569	346791.8	89.829	379791.8	98.377
12000.0	694.	99.713	358141.6	92.769	382141.6	98.986
13000.0	694.	99.713	358141.6	92.769	384141.6	99.504
14000.0	695.	99.856	372032.1	96.367	386032.1	99.993
15000.0	696.	100.000	386057.8	100.000	386057.8	100.000
16000.0	696.	100.000	386057.8	100.000	386057.8	100.000
17000.0	696.	100.000	386057.8	100.000	386057.8	100.000
18000.0	696.	100.000	386057.8	100.000	386057.8	100.000
19000.0	696.	100.000	386057.8	100.000	386057.8	100.000
20000.0	696.	100.000	386057.8	100.000	386057.8	100.000
25000.0	696.	100.000	386057.8	100.000	386057.8	100.000
30000.0	696.	100.000	386057.8	100.000	386057.8	100.000
35000.0	696.	100.000	386057.8	100.000	386057.8	100.000
40000.0	696.	100.000	386057.8	100.000	386057.8	100.000
45000.0	696.	100.000	386057.8	100.000	386057.8	100.000
50000.0	696.	100.000	386057.8	100.000	386057.8	100.000
60000.0	696.	100.000	386057.8	100.000	386057.8	100.000
70000.0	696.	100.000	386057.8	100.000	386057.8	100.000
80000.0	696.	100.000	386057.8	100.000	386057.8	100.000
90000.0	696.	100.000	386057.8	100.000	386057.8	100.000
100000.0	696.	100.000	386057.8	100.000	386057.8	100.000
120000.0	696.	100.000	386057.8	100.000	386057.8	100.000
150000.0	696.	100.000	386057.8	100.000	386057.8	100.000
200000.0	696.	100.000	386057.8	100.000	386057.8	100.000
241489.0	696.	100.000	386057.8	100.000	386057.8	100.000
300000.0	696.	100.000	386057.8	100.000	386057.8	100.000
500000.0	696.	100.000	386057.8	100.000	386057.8	100.000
1000000.0	696.	100.000	386057.8	100.000	386057.8	100.000
9999999.9	696.	100.000	386057.8	100.000	386057.8	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	97.	19.246	0.0	0.000	0.0	0.000
1.0	126.	25.000	15.2	0.011	393.2	0.272
25.0	214.	42.460	826.0	0.571	8076.0	5.582
50.0	246.	48.810	2071.8	1.432	14971.8	10.349
400.0	386.	76.587	31240.1	21.595	78440.1	54.221
1000.0	475.	94.246	88676.6	61.297	117676.6	81.343
2000.0	499.	99.008	123156.6	85.131	133156.6	92.044
2500.0	499.	99.008	123156.6	85.131	135656.6	93.772
3000.0	500.	99.206	125743.6	86.920	137743.6	95.215
4000.0	501.	99.405	129690.6	89.648	141690.6	97.943
5000.0	502.	99.603	134137.6	92.722	144137.6	99.634
6000.0	504.	100.000	144666.6	100.000	144666.6	100.000
7000.0	504.	100.000	144666.6	100.000	144666.6	100.000
8000.0	504.	100.000	144666.6	100.000	144666.6	100.000
9000.0	504.	100.000	144666.6	100.000	144666.6	100.000
10000.0	504.	100.000	144666.6	100.000	144666.6	100.000
11000.0	504.	100.000	144666.6	100.000	144666.6	100.000
12000.0	504.	100.000	144666.6	100.000	144666.6	100.000
13000.0	504.	100.000	144666.6	100.000	144666.6	100.000
14000.0	504.	100.000	144666.6	100.000	144666.6	100.000
15000.0	504.	100.000	144666.6	100.000	144666.6	100.000
16000.0	504.	100.000	144666.6	100.000	144666.6	100.000
17000.0	504.	100.000	144666.6	100.000	144666.6	100.000
18000.0	504.	100.000	144666.6	100.000	144666.6	100.000
19000.0	504.	100.000	144666.6	100.000	144666.6	100.000
20000.0	504.	100.000	144666.6	100.000	144666.6	100.000
25000.0	504.	100.000	144666.6	100.000	144666.6	100.000
30000.0	504.	100.000	144666.6	100.000	144666.6	100.000
35000.0	504.	100.000	144666.6	100.000	144666.6	100.000
40000.0	504.	100.000	144666.6	100.000	144666.6	100.000
45000.0	504.	100.000	144666.6	100.000	144666.6	100.000
50000.0	504.	100.000	144666.6	100.000	144666.6	100.000
60000.0	504.	100.000	144666.6	100.000	144666.6	100.000
70000.0	504.	100.000	144666.6	100.000	144666.6	100.000
80000.0	504.	100.000	144666.6	100.000	144666.6	100.000
90000.0	504.	100.000	144666.6	100.000	144666.6	100.000
100000.0	504.	100.000	144666.6	100.000	144666.6	100.000
120000.0	504.	100.000	144666.6	100.000	144666.6	100.000
150000.0	504.	100.000	144666.6	100.000	144666.6	100.000
200000.0	504.	100.000	144666.6	100.000	144666.6	100.000
241489.0	504.	100.000	144666.6	100.000	144666.6	100.000
300000.0	504.	100.000	144666.6	100.000	144666.6	100.000
500000.0	504.	100.000	144666.6	100.000	144666.6	100.000
1000000.0	504.	100.000	144666.6	100.000	144666.6	100.000
9999999.9	504.	100.000	144666.6	100.000	144666.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

ELEC GEN BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	10.	83.333	0.0	0.000	0.0	0.000
1.0	10.	83.333	0.0	0.000	2.0	0.021
25.0	11.	91.667	18.0	0.188	43.0	0.449
50.0	11.	91.667	18.0	0.188	68.0	0.710
400.0	11.	91.667	18.0	0.188	418.0	4.363
1000.0	11.	91.667	18.0	0.188	1018.0	10.626
2000.0	11.	91.667	18.0	0.188	2018.0	21.065
2500.0	11.	91.667	18.0	0.188	2518.0	26.284
3000.0	11.	91.667	18.0	0.188	3018.0	31.503
4000.0	11.	91.667	18.0	0.188	4018.0	41.942
5000.0	11.	91.667	18.0	0.188	5018.0	52.380
6000.0	11.	91.667	18.0	0.188	6018.0	62.818
7000.0	11.	91.667	18.0	0.188	7018.0	73.257
8000.0	11.	91.667	18.0	0.188	8018.0	83.695
9000.0	11.	91.667	18.0	0.188	9018.0	94.134
10000.0	12.	100.000	9580.0	100.000	9580.0	100.000
11000.0	12.	100.000	9580.0	100.000	9580.0	100.000
12000.0	12.	100.000	9580.0	100.000	9580.0	100.000
13000.0	12.	100.000	9580.0	100.000	9580.0	100.000
14000.0	12.	100.000	9580.0	100.000	9580.0	100.000
15000.0	12.	100.000	9580.0	100.000	9580.0	100.000
16000.0	12.	100.000	9580.0	100.000	9580.0	100.000
17000.0	12.	100.000	9580.0	100.000	9580.0	100.000
18000.0	12.	100.000	9580.0	100.000	9580.0	100.000
19000.0	12.	100.000	9580.0	100.000	9580.0	100.000
20000.0	12.	100.000	9580.0	100.000	9580.0	100.000
25000.0	12.	100.000	9580.0	100.000	9580.0	100.000
30000.0	12.	100.000	9580.0	100.000	9580.0	100.000
35000.0	12.	100.000	9580.0	100.000	9580.0	100.000
40000.0	12.	100.000	9580.0	100.000	9580.0	100.000
45000.0	12.	100.000	9580.0	100.000	9580.0	100.000
50000.0	12.	100.000	9580.0	100.000	9580.0	100.000
60000.0	12.	100.000	9580.0	100.000	9580.0	100.000
70000.0	12.	100.000	9580.0	100.000	9580.0	100.000
80000.0	12.	100.000	9580.0	100.000	9580.0	100.000
90000.0	12.	100.000	9580.0	100.000	9580.0	100.000
100000.0	12.	100.000	9580.0	100.000	9580.0	100.000
120000.0	12.	100.000	9580.0	100.000	9580.0	100.000
150000.0	12.	100.000	9580.0	100.000	9580.0	100.000
200000.0	12.	100.000	9580.0	100.000	9580.0	100.000
241489.0	12.	100.000	9580.0	100.000	9580.0	100.000
300000.0	12.	100.000	9580.0	100.000	9580.0	100.000
500000.0	12.	100.000	9580.0	100.000	9580.0	100.000
1000000.0	12.	100.000	9580.0	100.000	9580.0	100.000
9999999.9	12.	100.000	9580.0	100.000	9580.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GST
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	205.	94.907	0.0	0.000	0.0	0.000
1.0	205.	94.907	0.0	0.000	11.0	0.324
25.0	205.	94.907	0.0	0.000	275.0	8.090
50.0	206.	95.370	45.7	1.344	545.7	16.054
400.0	213.	98.611	1550.9	45.625	2750.9	80.928
1000.0	216.	100.000	3399.2	100.000	3399.2	100.000
2000.0	216.	100.000	3399.2	100.000	3399.2	100.000
2500.0	216.	100.000	3399.2	100.000	3399.2	100.000
3000.0	216.	100.000	3399.2	100.000	3399.2	100.000
4000.0	216.	100.000	3399.2	100.000	3399.2	100.000
5000.0	216.	100.000	3399.2	100.000	3399.2	100.000
6000.0	216.	100.000	3399.2	100.000	3399.2	100.000
7000.0	216.	100.000	3399.2	100.000	3399.2	100.000
8000.0	216.	100.000	3399.2	100.000	3399.2	100.000
9000.0	216.	100.000	3399.2	100.000	3399.2	100.000
10000.0	216.	100.000	3399.2	100.000	3399.2	100.000
11000.0	216.	100.000	3399.2	100.000	3399.2	100.000
12000.0	216.	100.000	3399.2	100.000	3399.2	100.000
13000.0	216.	100.000	3399.2	100.000	3399.2	100.000
14000.0	216.	100.000	3399.2	100.000	3399.2	100.000
15000.0	216.	100.000	3399.2	100.000	3399.2	100.000
16000.0	216.	100.000	3399.2	100.000	3399.2	100.000
17000.0	216.	100.000	3399.2	100.000	3399.2	100.000
18000.0	216.	100.000	3399.2	100.000	3399.2	100.000
19000.0	216.	100.000	3399.2	100.000	3399.2	100.000
20000.0	216.	100.000	3399.2	100.000	3399.2	100.000
25000.0	216.	100.000	3399.2	100.000	3399.2	100.000
30000.0	216.	100.000	3399.2	100.000	3399.2	100.000
35000.0	216.	100.000	3399.2	100.000	3399.2	100.000
40000.0	216.	100.000	3399.2	100.000	3399.2	100.000
45000.0	216.	100.000	3399.2	100.000	3399.2	100.000
50000.0	216.	100.000	3399.2	100.000	3399.2	100.000
60000.0	216.	100.000	3399.2	100.000	3399.2	100.000
70000.0	216.	100.000	3399.2	100.000	3399.2	100.000
80000.0	216.	100.000	3399.2	100.000	3399.2	100.000
90000.0	216.	100.000	3399.2	100.000	3399.2	100.000
100000.0	216.	100.000	3399.2	100.000	3399.2	100.000
120000.0	216.	100.000	3399.2	100.000	3399.2	100.000
150000.0	216.	100.000	3399.2	100.000	3399.2	100.000
200000.0	216.	100.000	3399.2	100.000	3399.2	100.000
241489.0	216.	100.000	3399.2	100.000	3399.2	100.000
300000.0	216.	100.000	3399.2	100.000	3399.2	100.000
500000.0	216.	100.000	3399.2	100.000	3399.2	100.000
1000000.0	216.	100.000	3399.2	100.000	3399.2	100.000
9999999.9	216.	100.000	3399.2	100.000	3399.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEULE GST
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	114.	95.000	0.0	0.000	0.0	0.000
1.0	114.	95.000	0.0	0.000	6.0	0.310
25.0	114.	95.000	0.0	0.000	150.0	7.756
50.0	114.	95.000	0.0	0.000	300.0	15.512
400.0	117.	97.500	445.0	23.009	1645.0	85.057
1000.0	120.	100.000	1934.0	100.000	1934.0	100.000
2000.0	120.	100.000	1934.0	100.000	1934.0	100.000
2500.0	120.	100.000	1934.0	100.000	1934.0	100.000
3000.0	120.	100.000	1934.0	100.000	1934.0	100.000
4000.0	120.	100.000	1934.0	100.000	1934.0	100.000
5000.0	120.	100.000	1934.0	100.000	1934.0	100.000
6000.0	120.	100.000	1934.0	100.000	1934.0	100.000
7000.0	120.	100.000	1934.0	100.000	1934.0	100.000
8000.0	120.	100.000	1934.0	100.000	1934.0	100.000
9000.0	120.	100.000	1934.0	100.000	1934.0	100.000
10000.0	120.	100.000	1934.0	100.000	1934.0	100.000
11000.0	120.	100.000	1934.0	100.000	1934.0	100.000
12000.0	120.	100.000	1934.0	100.000	1934.0	100.000
13000.0	120.	100.000	1934.0	100.000	1934.0	100.000
14000.0	120.	100.000	1934.0	100.000	1934.0	100.000
15000.0	120.	100.000	1934.0	100.000	1934.0	100.000
16000.0	120.	100.000	1934.0	100.000	1934.0	100.000
17000.0	120.	100.000	1934.0	100.000	1934.0	100.000
18000.0	120.	100.000	1934.0	100.000	1934.0	100.000
19000.0	120.	100.000	1934.0	100.000	1934.0	100.000
20000.0	120.	100.000	1934.0	100.000	1934.0	100.000
25000.0	120.	100.000	1934.0	100.000	1934.0	100.000
30000.0	120.	100.000	1934.0	100.000	1934.0	100.000
35000.0	120.	100.000	1934.0	100.000	1934.0	100.000
40000.0	120.	100.000	1934.0	100.000	1934.0	100.000
45000.0	120.	100.000	1934.0	100.000	1934.0	100.000
50000.0	120.	100.000	1934.0	100.000	1934.0	100.000
60000.0	120.	100.000	1934.0	100.000	1934.0	100.000
70000.0	120.	100.000	1934.0	100.000	1934.0	100.000
80000.0	120.	100.000	1934.0	100.000	1934.0	100.000
90000.0	120.	100.000	1934.0	100.000	1934.0	100.000
100000.0	120.	100.000	1934.0	100.000	1934.0	100.000
120000.0	120.	100.000	1934.0	100.000	1934.0	100.000
150000.0	120.	100.000	1934.0	100.000	1934.0	100.000
200000.0	120.	100.000	1934.0	100.000	1934.0	100.000
241489.0	120.	100.000	1934.0	100.000	1934.0	100.000
300000.0	120.	100.000	1934.0	100.000	1934.0	100.000
500000.0	120.	100.000	1934.0	100.000	1934.0	100.000
1000000.0	120.	100.000	1934.0	100.000	1934.0	100.000
9999999.9	120.	100.000	1934.0	100.000	1934.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHDULE IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	138.	95.833	0.0	0.000	0.0	0.000
1.0	138.	95.833	0.0	0.000	6.0	0.213
25.0	138.	95.833	0.0	0.000	150.0	5.333
50.0	138.	95.833	0.0	0.000	300.0	10.665
400.0	141.	97.917	639.8	22.745	1839.8	65.406
1000.0	144.	100.000	2812.9	100.000	2812.9	100.000
2000.0	144.	100.000	2812.9	100.000	2812.9	100.000
2500.0	144.	100.000	2812.9	100.000	2812.9	100.000
3000.0	144.	100.000	2812.9	100.000	2812.9	100.000
4000.0	144.	100.000	2812.9	100.000	2812.9	100.000
5000.0	144.	100.000	2812.9	100.000	2812.9	100.000
6000.0	144.	100.000	2812.9	100.000	2812.9	100.000
7000.0	144.	100.000	2812.9	100.000	2812.9	100.000
8000.0	144.	100.000	2812.9	100.000	2812.9	100.000
9000.0	144.	100.000	2812.9	100.000	2812.9	100.000
10000.0	144.	100.000	2812.9	100.000	2812.9	100.000
11000.0	144.	100.000	2812.9	100.000	2812.9	100.000
12000.0	144.	100.000	2812.9	100.000	2812.9	100.000
13000.0	144.	100.000	2812.9	100.000	2812.9	100.000
14000.0	144.	100.000	2812.9	100.000	2812.9	100.000
15000.0	144.	100.000	2812.9	100.000	2812.9	100.000
16000.0	144.	100.000	2812.9	100.000	2812.9	100.000
17000.0	144.	100.000	2812.9	100.000	2812.9	100.000
18000.0	144.	100.000	2812.9	100.000	2812.9	100.000
19000.0	144.	100.000	2812.9	100.000	2812.9	100.000
20000.0	144.	100.000	2812.9	100.000	2812.9	100.000
25000.0	144.	100.000	2812.9	100.000	2812.9	100.000
30000.0	144.	100.000	2812.9	100.000	2812.9	100.000
35000.0	144.	100.000	2812.9	100.000	2812.9	100.000
40000.0	144.	100.000	2812.9	100.000	2812.9	100.000
45000.0	144.	100.000	2812.9	100.000	2812.9	100.000
50000.0	144.	100.000	2812.9	100.000	2812.9	100.000
60000.0	144.	100.000	2812.9	100.000	2812.9	100.000
70000.0	144.	100.000	2812.9	100.000	2812.9	100.000
80000.0	144.	100.000	2812.9	100.000	2812.9	100.000
90000.0	144.	100.000	2812.9	100.000	2812.9	100.000
100000.0	144.	100.000	2812.9	100.000	2812.9	100.000
120000.0	144.	100.000	2812.9	100.000	2812.9	100.000
150000.0	144.	100.000	2812.9	100.000	2812.9	100.000
200000.0	144.	100.000	2812.9	100.000	2812.9	100.000
241489.0	144.	100.000	2812.9	100.000	2812.9	100.000
300000.0	144.	100.000	2812.9	100.000	2812.9	100.000
500000.0	144.	100.000	2812.9	100.000	2812.9	100.000
1000000.0	144.	100.000	2812.9	100.000	2812.9	100.000
9999999.9	144.	100.000	2812.9	100.000	2812.9	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	497.	94.129	0.0	0.000	0.0	0.000
1.0	497.	94.129	0.0	0.000	31.0	0.093
25.0	498.	94.318	5.0	0.015	755.0	2.275
50.0	498.	94.318	5.0	0.015	1505.0	4.535
400.0	508.	96.212	2199.0	6.626	10199.0	30.730
1000.0	519.	98.295	9174.0	27.642	18174.0	54.759
2000.0	521.	98.674	11345.0	34.183	25345.0	76.366
2500.0	522.	98.864	13490.0	40.646	28490.0	85.842
3000.0	526.	99.621	24704.0	74.434	30704.0	92.513
4000.0	527.	99.811	28471.0	85.784	32471.0	97.837
5000.0	528.	100.000	33189.0	100.000	33189.0	100.000
6000.0	528.	100.000	33189.0	100.000	33189.0	100.000
7000.0	528.	100.000	33189.0	100.000	33189.0	100.000
8000.0	528.	100.000	33189.0	100.000	33189.0	100.000
9000.0	528.	100.000	33189.0	100.000	33189.0	100.000
10000.0	528.	100.000	33189.0	100.000	33189.0	100.000
11000.0	528.	100.000	33189.0	100.000	33189.0	100.000
12000.0	528.	100.000	33189.0	100.000	33189.0	100.000
13000.0	528.	100.000	33189.0	100.000	33189.0	100.000
14000.0	528.	100.000	33189.0	100.000	33189.0	100.000
15000.0	528.	100.000	33189.0	100.000	33189.0	100.000
16000.0	528.	100.000	33189.0	100.000	33189.0	100.000
17000.0	528.	100.000	33189.0	100.000	33189.0	100.000
18000.0	528.	100.000	33189.0	100.000	33189.0	100.000
19000.0	528.	100.000	33189.0	100.000	33189.0	100.000
20000.0	528.	100.000	33189.0	100.000	33189.0	100.000
25000.0	528.	100.000	33189.0	100.000	33189.0	100.000
30000.0	528.	100.000	33189.0	100.000	33189.0	100.000
35000.0	528.	100.000	33189.0	100.000	33189.0	100.000
40000.0	528.	100.000	33189.0	100.000	33189.0	100.000
45000.0	528.	100.000	33189.0	100.000	33189.0	100.000
50000.0	528.	100.000	33189.0	100.000	33189.0	100.000
60000.0	528.	100.000	33189.0	100.000	33189.0	100.000
70000.0	528.	100.000	33189.0	100.000	33189.0	100.000
80000.0	528.	100.000	33189.0	100.000	33189.0	100.000
90000.0	528.	100.000	33189.0	100.000	33189.0	100.000
100000.0	528.	100.000	33189.0	100.000	33189.0	100.000
120000.0	528.	100.000	33189.0	100.000	33189.0	100.000
150000.0	528.	100.000	33189.0	100.000	33189.0	100.000
200000.0	528.	100.000	33189.0	100.000	33189.0	100.000
241489.0	528.	100.000	33189.0	100.000	33189.0	100.000
300000.0	528.	100.000	33189.0	100.000	33189.0	100.000
500000.0	528.	100.000	33189.0	100.000	33189.0	100.000
1000000.0	528.	100.000	33189.0	100.000	33189.0	100.000
9999999.9	528.	100.000	33189.0	100.000	33189.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

WHOLESALE BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IUS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	4.	16.667	0.0	0.000	0.0	0.000
1.0	4.	16.667	0.0	0.000	20.0	0.091
25.0	4.	16.667	0.0	0.000	500.0	2.283
50.0	4.	16.667	0.0	0.000	1000.0	4.565
400.0	7.	29.167	1132.0	5.168	7932.0	36.213
1000.0	15.	62.500	6142.0	28.041	15142.0	69.129
2000.0	22.	91.667	16024.0	73.156	20024.0	91.417
2500.0	22.	91.667	16024.0	73.156	21024.0	95.982
3000.0	23.	95.833	18553.0	84.701	21553.0	98.398
4000.0	24.	100.000	21904.0	100.000	21904.0	100.000
5000.0	24.	100.000	21904.0	100.000	21904.0	100.000
6000.0	24.	100.000	21904.0	100.000	21904.0	100.000
7000.0	24.	100.000	21904.0	100.000	21904.0	100.000
8000.0	24.	100.000	21904.0	100.000	21904.0	100.000
9000.0	24.	100.000	21904.0	100.000	21904.0	100.000
10000.0	24.	100.000	21904.0	100.000	21904.0	100.000
11000.0	24.	100.000	21904.0	100.000	21904.0	100.000
12000.0	24.	100.000	21904.0	100.000	21904.0	100.000
13000.0	24.	100.000	21904.0	100.000	21904.0	100.000
14000.0	24.	100.000	21904.0	100.000	21904.0	100.000
15000.0	24.	100.000	21904.0	100.000	21904.0	100.000
16000.0	24.	100.000	21904.0	100.000	21904.0	100.000
17000.0	24.	100.000	21904.0	100.000	21904.0	100.000
18000.0	24.	100.000	21904.0	100.000	21904.0	100.000
19000.0	24.	100.000	21904.0	100.000	21904.0	100.000
20000.0	24.	100.000	21904.0	100.000	21904.0	100.000
25000.0	24.	100.000	21904.0	100.000	21904.0	100.000
30000.0	24.	100.000	21904.0	100.000	21904.0	100.000
35000.0	24.	100.000	21904.0	100.000	21904.0	100.000
40000.0	24.	100.000	21904.0	100.000	21904.0	100.000
45000.0	24.	100.000	21904.0	100.000	21904.0	100.000
50000.0	24.	100.000	21904.0	100.000	21904.0	100.000
60000.0	24.	100.000	21904.0	100.000	21904.0	100.000
70000.0	24.	100.000	21904.0	100.000	21904.0	100.000
80000.0	24.	100.000	21904.0	100.000	21904.0	100.000
90000.0	24.	100.000	21904.0	100.000	21904.0	100.000
100000.0	24.	100.000	21904.0	100.000	21904.0	100.000
120000.0	24.	100.000	21904.0	100.000	21904.0	100.000
150000.0	24.	100.000	21904.0	100.000	21904.0	100.000
200000.0	24.	100.000	21904.0	100.000	21904.0	100.000
241489.0	24.	100.000	21904.0	100.000	21904.0	100.000
300000.0	24.	100.000	21904.0	100.000	21904.0	100.000
500000.0	24.	100.000	21904.0	100.000	21904.0	100.000
1000000.0	24.	100.000	21904.0	100.000	21904.0	100.000
9999999.9	24.	100.000	21904.0	100.000	21904.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	203.	93.981	0.0	0.000	0.0	0.000
1.0	203.	93.981	0.0	0.000	13.0	0.184
25.0	204.	94.444	18.9	0.268	318.9	4.524
50.0	204.	94.444	18.9	0.268	618.9	8.779
400.0	209.	96.759	855.7	12.138	3655.7	51.857
1000.0	214.	99.074	4147.8	58.837	6147.8	87.208
2000.0	216.	100.000	7049.6	100.000	7049.6	100.000
2500.0	216.	100.000	7049.6	100.000	7049.6	100.000
3000.0	216.	100.000	7049.6	100.000	7049.6	100.000
4000.0	216.	100.000	7049.6	100.000	7049.6	100.000
5000.0	216.	100.000	7049.6	100.000	7049.6	100.000
6000.0	216.	100.000	7049.6	100.000	7049.6	100.000
7000.0	216.	100.000	7049.6	100.000	7049.6	100.000
8000.0	216.	100.000	7049.6	100.000	7049.6	100.000
9000.0	216.	100.000	7049.6	100.000	7049.6	100.000
10000.0	216.	100.000	7049.6	100.000	7049.6	100.000
11000.0	216.	100.000	7049.6	100.000	7049.6	100.000
12000.0	216.	100.000	7049.6	100.000	7049.6	100.000
13000.0	216.	100.000	7049.6	100.000	7049.6	100.000
14000.0	216.	100.000	7049.6	100.000	7049.6	100.000
15000.0	216.	100.000	7049.6	100.000	7049.6	100.000
16000.0	216.	100.000	7049.6	100.000	7049.6	100.000
17000.0	216.	100.000	7049.6	100.000	7049.6	100.000
18000.0	216.	100.000	7049.6	100.000	7049.6	100.000
19000.0	216.	100.000	7049.6	100.000	7049.6	100.000
20000.0	216.	100.000	7049.6	100.000	7049.6	100.000
25000.0	216.	100.000	7049.6	100.000	7049.6	100.000
30000.0	216.	100.000	7049.6	100.000	7049.6	100.000
35000.0	216.	100.000	7049.6	100.000	7049.6	100.000
40000.0	216.	100.000	7049.6	100.000	7049.6	100.000
45000.0	216.	100.000	7049.6	100.000	7049.6	100.000
50000.0	216.	100.000	7049.6	100.000	7049.6	100.000
60000.0	216.	100.000	7049.6	100.000	7049.6	100.000
70000.0	216.	100.000	7049.6	100.000	7049.6	100.000
80000.0	216.	100.000	7049.6	100.000	7049.6	100.000
90000.0	216.	100.000	7049.6	100.000	7049.6	100.000
100000.0	216.	100.000	7049.6	100.000	7049.6	100.000
120000.0	216.	100.000	7049.6	100.000	7049.6	100.000
150000.0	216.	100.000	7049.6	100.000	7049.6	100.000
200000.0	216.	100.000	7049.6	100.000	7049.6	100.000
241489.0	216.	100.000	7049.6	100.000	7049.6	100.000
300000.0	216.	100.000	7049.6	100.000	7049.6	100.000
500000.0	216.	100.000	7049.6	100.000	7049.6	100.000
1000000.0	216.	100.000	7049.6	100.000	7049.6	100.000
9999999.9	216.	100.000	7049.6	100.000	7049.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	147.	94.231	0.0	0.000	0.0	0.000
1.0	147.	94.231	0.0	0.000	9.0	0.040
25.0	147.	94.231	0.0	0.000	225.0	1.008
50.0	147.	94.231	0.0	0.000	450.0	2.015
400.0	149.	95.513	301.0	1.348	3101.0	13.887
1000.0	149.	95.513	301.0	1.348	7301.0	32.694
2000.0	149.	95.513	301.0	1.348	14301.0	64.041
2500.0	150.	96.154	2678.0	11.992	17678.0	79.163
3000.0	153.	98.077	10996.0	49.241	19996.0	89.544
4000.0	156.	100.000	22331.0	100.000	22331.0	100.000
5000.0	156.	100.000	22331.0	100.000	22331.0	100.000
6000.0	156.	100.000	22331.0	100.000	22331.0	100.000
7000.0	156.	100.000	22331.0	100.000	22331.0	100.000
8000.0	156.	100.000	22331.0	100.000	22331.0	100.000
9000.0	156.	100.000	22331.0	100.000	22331.0	100.000
10000.0	156.	100.000	22331.0	100.000	22331.0	100.000
11000.0	156.	100.000	22331.0	100.000	22331.0	100.000
12000.0	156.	100.000	22331.0	100.000	22331.0	100.000
13000.0	156.	100.000	22331.0	100.000	22331.0	100.000
14000.0	156.	100.000	22331.0	100.000	22331.0	100.000
15000.0	156.	100.000	22331.0	100.000	22331.0	100.000
16000.0	156.	100.000	22331.0	100.000	22331.0	100.000
17000.0	156.	100.000	22331.0	100.000	22331.0	100.000
18000.0	156.	100.000	22331.0	100.000	22331.0	100.000
19000.0	156.	100.000	22331.0	100.000	22331.0	100.000
20000.0	156.	100.000	22331.0	100.000	22331.0	100.000
25000.0	156.	100.000	22331.0	100.000	22331.0	100.000
30000.0	156.	100.000	22331.0	100.000	22331.0	100.000
35000.0	156.	100.000	22331.0	100.000	22331.0	100.000
40000.0	156.	100.000	22331.0	100.000	22331.0	100.000
45000.0	156.	100.000	22331.0	100.000	22331.0	100.000
50000.0	156.	100.000	22331.0	100.000	22331.0	100.000
60000.0	156.	100.000	22331.0	100.000	22331.0	100.000
70000.0	156.	100.000	22331.0	100.000	22331.0	100.000
80000.0	156.	100.000	22331.0	100.000	22331.0	100.000
90000.0	156.	100.000	22331.0	100.000	22331.0	100.000
100000.0	156.	100.000	22331.0	100.000	22331.0	100.000
120000.0	156.	100.000	22331.0	100.000	22331.0	100.000
150000.0	156.	100.000	22331.0	100.000	22331.0	100.000
200000.0	156.	100.000	22331.0	100.000	22331.0	100.000
241489.0	156.	100.000	22331.0	100.000	22331.0	100.000
300000.0	156.	100.000	22331.0	100.000	22331.0	100.000
500000.0	156.	100.000	22331.0	100.000	22331.0	100.000
1000000.0	156.	100.000	22331.0	100.000	22331.0	100.000
9999999.9	156.	100.000	22331.0	100.000	22331.0	100.000

PSC Case No. 2007-00008
Attorney General Data Request Set 1
Question 106 Attachment
CKY Respondent: Mark Balmert

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	17.	4.570	0.0	0.000	0.0	0.000
1.0	18.	4.839	1.0	0.001	355.0	0.234
25.0	61.	16.398	562.7	0.371	8337.7	5.498
50.0	100.	26.882	2003.8	1.321	15603.8	10.290
400.0	244.	65.591	30396.5	20.045	81596.5	53.808
1000.0	327.	87.903	82048.6	54.107	127048.6	83.782
2000.0	366.	98.387	135733.0	89.509	147733.0	97.422
2500.0	370.	99.462	144933.7	95.576	149933.7	98.873
3000.0	371.	99.731	147674.7	97.384	150674.7	99.362
4000.0	372.	100.000	151642.4	100.000	151642.4	100.000
5000.0	372.	100.000	151642.4	100.000	151642.4	100.000
6000.0	372.	100.000	151642.4	100.000	151642.4	100.000
7000.0	372.	100.000	151642.4	100.000	151642.4	100.000
8000.0	372.	100.000	151642.4	100.000	151642.4	100.000
9000.0	372.	100.000	151642.4	100.000	151642.4	100.000
10000.0	372.	100.000	151642.4	100.000	151642.4	100.000
11000.0	372.	100.000	151642.4	100.000	151642.4	100.000
12000.0	372.	100.000	151642.4	100.000	151642.4	100.000
13000.0	372.	100.000	151642.4	100.000	151642.4	100.000
14000.0	372.	100.000	151642.4	100.000	151642.4	100.000
15000.0	372.	100.000	151642.4	100.000	151642.4	100.000
16000.0	372.	100.000	151642.4	100.000	151642.4	100.000
17000.0	372.	100.000	151642.4	100.000	151642.4	100.000
18000.0	372.	100.000	151642.4	100.000	151642.4	100.000
19000.0	372.	100.000	151642.4	100.000	151642.4	100.000
20000.0	372.	100.000	151642.4	100.000	151642.4	100.000
25000.0	372.	100.000	151642.4	100.000	151642.4	100.000
30000.0	372.	100.000	151642.4	100.000	151642.4	100.000
35000.0	372.	100.000	151642.4	100.000	151642.4	100.000
40000.0	372.	100.000	151642.4	100.000	151642.4	100.000
45000.0	372.	100.000	151642.4	100.000	151642.4	100.000
50000.0	372.	100.000	151642.4	100.000	151642.4	100.000
60000.0	372.	100.000	151642.4	100.000	151642.4	100.000
70000.0	372.	100.000	151642.4	100.000	151642.4	100.000
80000.0	372.	100.000	151642.4	100.000	151642.4	100.000
90000.0	372.	100.000	151642.4	100.000	151642.4	100.000
100000.0	372.	100.000	151642.4	100.000	151642.4	100.000
120000.0	372.	100.000	151642.4	100.000	151642.4	100.000
150000.0	372.	100.000	151642.4	100.000	151642.4	100.000
200000.0	372.	100.000	151642.4	100.000	151642.4	100.000
241489.0	372.	100.000	151642.4	100.000	151642.4	100.000
300000.0	372.	100.000	151642.4	100.000	151642.4	100.000
500000.0	372.	100.000	151642.4	100.000	151642.4	100.000
1000000.0	372.	100.000	151642.4	100.000	151642.4	100.000
9999999.9	372.	100.000	151642.4	100.000	151642.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	3.	2.778	0.0	0.000	0.0	0.000
1.0	8.	7.407	2.2	0.004	102.2	0.194
25.0	28.	25.926	248.1	0.472	2248.1	4.274
50.0	32.	29.630	396.2	0.753	4196.2	7.977
400.0	73.	67.593	9251.9	17.589	23251.9	44.204
1000.0	89.	82.407	21103.2	40.119	40103.2	76.239
2000.0	102.	94.444	38627.3	73.433	50627.3	96.246
2500.0	107.	99.074	49677.5	94.441	52177.5	99.193
3000.0	108.	100.000	52601.8	100.000	52601.8	100.000
4000.0	108.	100.000	52601.8	100.000	52601.8	100.000
5000.0	108.	100.000	52601.8	100.000	52601.8	100.000
6000.0	108.	100.000	52601.8	100.000	52601.8	100.000
7000.0	108.	100.000	52601.8	100.000	52601.8	100.000
8000.0	108.	100.000	52601.8	100.000	52601.8	100.000
9000.0	108.	100.000	52601.8	100.000	52601.8	100.000
10000.0	108.	100.000	52601.8	100.000	52601.8	100.000
11000.0	108.	100.000	52601.8	100.000	52601.8	100.000
12000.0	108.	100.000	52601.8	100.000	52601.8	100.000
13000.0	108.	100.000	52601.8	100.000	52601.8	100.000
14000.0	108.	100.000	52601.8	100.000	52601.8	100.000
15000.0	108.	100.000	52601.8	100.000	52601.8	100.000
16000.0	108.	100.000	52601.8	100.000	52601.8	100.000
17000.0	108.	100.000	52601.8	100.000	52601.8	100.000
18000.0	108.	100.000	52601.8	100.000	52601.8	100.000
19000.0	108.	100.000	52601.8	100.000	52601.8	100.000
20000.0	108.	100.000	52601.8	100.000	52601.8	100.000
25000.0	108.	100.000	52601.8	100.000	52601.8	100.000
30000.0	108.	100.000	52601.8	100.000	52601.8	100.000
35000.0	108.	100.000	52601.8	100.000	52601.8	100.000
40000.0	108.	100.000	52601.8	100.000	52601.8	100.000
45000.0	108.	100.000	52601.8	100.000	52601.8	100.000
50000.0	108.	100.000	52601.8	100.000	52601.8	100.000
60000.0	108.	100.000	52601.8	100.000	52601.8	100.000
70000.0	108.	100.000	52601.8	100.000	52601.8	100.000
80000.0	108.	100.000	52601.8	100.000	52601.8	100.000
90000.0	108.	100.000	52601.8	100.000	52601.8	100.000
100000.0	108.	100.000	52601.8	100.000	52601.8	100.000
120000.0	108.	100.000	52601.8	100.000	52601.8	100.000
150000.0	108.	100.000	52601.8	100.000	52601.8	100.000
200000.0	108.	100.000	52601.8	100.000	52601.8	100.000
241489.0	108.	100.000	52601.8	100.000	52601.8	100.000
300000.0	108.	100.000	52601.8	100.000	52601.8	100.000
500000.0	108.	100.000	52601.8	100.000	52601.8	100.000
1000000.0	108.	100.000	52601.8	100.000	52601.8	100.000
9999999.9	108.	100.000	52601.8	100.000	52601.8	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	72.0	0.090
25.0	0.	0.000	0.0	0.000	1800.0	2.260
50.0	0.	0.000	0.0	0.000	3600.0	4.521
400.0	1.	1.389	351.9	0.442	28751.9	36.105
1000.0	35.	48.611	23855.6	29.957	60855.6	76.419
2000.0	66.	91.667	65886.7	82.737	77886.7	97.806
2500.0	72.	100.000	79633.8	100.000	79633.8	100.000
3000.0	72.	100.000	79633.8	100.000	79633.8	100.000
4000.0	72.	100.000	79633.8	100.000	79633.8	100.000
5000.0	72.	100.000	79633.8	100.000	79633.8	100.000
6000.0	72.	100.000	79633.8	100.000	79633.8	100.000
7000.0	72.	100.000	79633.8	100.000	79633.8	100.000
8000.0	72.	100.000	79633.8	100.000	79633.8	100.000
9000.0	72.	100.000	79633.8	100.000	79633.8	100.000
10000.0	72.	100.000	79633.8	100.000	79633.8	100.000
11000.0	72.	100.000	79633.8	100.000	79633.8	100.000
12000.0	72.	100.000	79633.8	100.000	79633.8	100.000
13000.0	72.	100.000	79633.8	100.000	79633.8	100.000
14000.0	72.	100.000	79633.8	100.000	79633.8	100.000
15000.0	72.	100.000	79633.8	100.000	79633.8	100.000
16000.0	72.	100.000	79633.8	100.000	79633.8	100.000
17000.0	72.	100.000	79633.8	100.000	79633.8	100.000
18000.0	72.	100.000	79633.8	100.000	79633.8	100.000
19000.0	72.	100.000	79633.8	100.000	79633.8	100.000
20000.0	72.	100.000	79633.8	100.000	79633.8	100.000
25000.0	72.	100.000	79633.8	100.000	79633.8	100.000
30000.0	72.	100.000	79633.8	100.000	79633.8	100.000
35000.0	72.	100.000	79633.8	100.000	79633.8	100.000
40000.0	72.	100.000	79633.8	100.000	79633.8	100.000
45000.0	72.	100.000	79633.8	100.000	79633.8	100.000
50000.0	72.	100.000	79633.8	100.000	79633.8	100.000
60000.0	72.	100.000	79633.8	100.000	79633.8	100.000
70000.0	72.	100.000	79633.8	100.000	79633.8	100.000
80000.0	72.	100.000	79633.8	100.000	79633.8	100.000
90000.0	72.	100.000	79633.8	100.000	79633.8	100.000
100000.0	72.	100.000	79633.8	100.000	79633.8	100.000
120000.0	72.	100.000	79633.8	100.000	79633.8	100.000
150000.0	72.	100.000	79633.8	100.000	79633.8	100.000
200000.0	72.	100.000	79633.8	100.000	79633.8	100.000
241489.0	72.	100.000	79633.8	100.000	79633.8	100.000
300000.0	72.	100.000	79633.8	100.000	79633.8	100.000
500000.0	72.	100.000	79633.8	100.000	79633.8	100.000
1000000.0	72.	100.000	79633.8	100.000	79633.8	100.000
9999999.9	72.	100.000	79633.8	100.000	79633.8	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	1.	2.083	0.0	0.000	0.0	0.000
1.0	1.	2.083	0.0	0.000	47.0	0.120
25.0	6.	12.500	27.0	0.069	1077.0	2.750
50.0	9.	18.750	129.0	0.329	2079.0	5.309
400.0	15.	31.250	1135.0	2.898	14335.0	36.603
1000.0	33.	68.750	12888.0	32.909	27888.0	71.210
2000.0	45.	93.750	28979.0	73.996	34979.0	89.316
2500.0	46.	95.833	31081.0	79.363	36081.0	92.130
3000.0	46.	95.833	31081.0	79.363	37081.0	94.684
4000.0	47.	97.917	34862.0	89.018	38862.0	99.231
5000.0	48.	100.000	39163.0	100.000	39163.0	100.000
6000.0	48.	100.000	39163.0	100.000	39163.0	100.000
7000.0	48.	100.000	39163.0	100.000	39163.0	100.000
8000.0	48.	100.000	39163.0	100.000	39163.0	100.000
9000.0	48.	100.000	39163.0	100.000	39163.0	100.000
10000.0	48.	100.000	39163.0	100.000	39163.0	100.000
11000.0	48.	100.000	39163.0	100.000	39163.0	100.000
12000.0	48.	100.000	39163.0	100.000	39163.0	100.000
13000.0	48.	100.000	39163.0	100.000	39163.0	100.000
14000.0	48.	100.000	39163.0	100.000	39163.0	100.000
15000.0	48.	100.000	39163.0	100.000	39163.0	100.000
16000.0	48.	100.000	39163.0	100.000	39163.0	100.000
17000.0	48.	100.000	39163.0	100.000	39163.0	100.000
18000.0	48.	100.000	39163.0	100.000	39163.0	100.000
19000.0	48.	100.000	39163.0	100.000	39163.0	100.000
20000.0	48.	100.000	39163.0	100.000	39163.0	100.000
25000.0	48.	100.000	39163.0	100.000	39163.0	100.000
30000.0	48.	100.000	39163.0	100.000	39163.0	100.000
35000.0	48.	100.000	39163.0	100.000	39163.0	100.000
40000.0	48.	100.000	39163.0	100.000	39163.0	100.000
45000.0	48.	100.000	39163.0	100.000	39163.0	100.000
50000.0	48.	100.000	39163.0	100.000	39163.0	100.000
60000.0	48.	100.000	39163.0	100.000	39163.0	100.000
70000.0	48.	100.000	39163.0	100.000	39163.0	100.000
80000.0	48.	100.000	39163.0	100.000	39163.0	100.000
90000.0	48.	100.000	39163.0	100.000	39163.0	100.000
100000.0	48.	100.000	39163.0	100.000	39163.0	100.000
120000.0	48.	100.000	39163.0	100.000	39163.0	100.000
150000.0	48.	100.000	39163.0	100.000	39163.0	100.000
200000.0	48.	100.000	39163.0	100.000	39163.0	100.000
241489.0	48.	100.000	39163.0	100.000	39163.0	100.000
300000.0	48.	100.000	39163.0	100.000	39163.0	100.000
500000.0	48.	100.000	39163.0	100.000	39163.0	100.000
1000000.0	48.	100.000	39163.0	100.000	39163.0	100.000
9999999.9	48.	100.000	39163.0	100.000	39163.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	144.0	0.085
25.0	0.	0.000	0.0	0.000	3600.0	2.115
50.0	1.	0.694	42.0	0.025	7192.0	4.225
400.0	11.	7.639	1956.2	1.149	55156.2	32.406
1000.0	59.	40.972	37345.0	21.941	122345.0	71.880
2000.0	130.	90.278	135747.7	79.755	163747.7	96.205
2500.0	138.	95.833	153258.5	90.043	168258.5	98.856
3000.0	144.	100.000	170206.2	100.000	170206.2	100.000
4000.0	144.	100.000	170206.2	100.000	170206.2	100.000
5000.0	144.	100.000	170206.2	100.000	170206.2	100.000
6000.0	144.	100.000	170206.2	100.000	170206.2	100.000
7000.0	144.	100.000	170206.2	100.000	170206.2	100.000
8000.0	144.	100.000	170206.2	100.000	170206.2	100.000
9000.0	144.	100.000	170206.2	100.000	170206.2	100.000
10000.0	144.	100.000	170206.2	100.000	170206.2	100.000
11000.0	144.	100.000	170206.2	100.000	170206.2	100.000
12000.0	144.	100.000	170206.2	100.000	170206.2	100.000
13000.0	144.	100.000	170206.2	100.000	170206.2	100.000
14000.0	144.	100.000	170206.2	100.000	170206.2	100.000
15000.0	144.	100.000	170206.2	100.000	170206.2	100.000
16000.0	144.	100.000	170206.2	100.000	170206.2	100.000
17000.0	144.	100.000	170206.2	100.000	170206.2	100.000
18000.0	144.	100.000	170206.2	100.000	170206.2	100.000
19000.0	144.	100.000	170206.2	100.000	170206.2	100.000
20000.0	144.	100.000	170206.2	100.000	170206.2	100.000
25000.0	144.	100.000	170206.2	100.000	170206.2	100.000
30000.0	144.	100.000	170206.2	100.000	170206.2	100.000
35000.0	144.	100.000	170206.2	100.000	170206.2	100.000
40000.0	144.	100.000	170206.2	100.000	170206.2	100.000
45000.0	144.	100.000	170206.2	100.000	170206.2	100.000
50000.0	144.	100.000	170206.2	100.000	170206.2	100.000
60000.0	144.	100.000	170206.2	100.000	170206.2	100.000
70000.0	144.	100.000	170206.2	100.000	170206.2	100.000
80000.0	144.	100.000	170206.2	100.000	170206.2	100.000
90000.0	144.	100.000	170206.2	100.000	170206.2	100.000
100000.0	144.	100.000	170206.2	100.000	170206.2	100.000
120000.0	144.	100.000	170206.2	100.000	170206.2	100.000
150000.0	144.	100.000	170206.2	100.000	170206.2	100.000
200000.0	144.	100.000	170206.2	100.000	170206.2	100.000
241489.0	144.	100.000	170206.2	100.000	170206.2	100.000
300000.0	144.	100.000	170206.2	100.000	170206.2	100.000
500000.0	144.	100.000	170206.2	100.000	170206.2	100.000
1000000.0	144.	100.000	170206.2	100.000	170206.2	100.000
9999999.9	144.	100.000	170206.2	100.000	170206.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	60.0	0.076
25.0	0.	0.000	0.0	0.000	1500.0	1.897
50.0	1.	1.667	43.0	0.054	2993.0	3.784
400.0	12.	20.000	2172.0	2.746	21372.0	27.023
1000.0	23.	38.333	11205.0	14.168	48205.0	60.952
2000.0	47.	78.333	47892.0	60.556	73892.0	93.431
2500.0	54.	90.000	62922.0	79.560	77922.0	98.527
3000.0	60.	100.000	79087.0	100.000	79087.0	100.000
4000.0	60.	100.000	79087.0	100.000	79087.0	100.000
5000.0	60.	100.000	79087.0	100.000	79087.0	100.000
6000.0	60.	100.000	79087.0	100.000	79087.0	100.000
7000.0	60.	100.000	79087.0	100.000	79087.0	100.000
8000.0	60.	100.000	79087.0	100.000	79087.0	100.000
9000.0	60.	100.000	79087.0	100.000	79087.0	100.000
10000.0	60.	100.000	79087.0	100.000	79087.0	100.000
11000.0	60.	100.000	79087.0	100.000	79087.0	100.000
12000.0	60.	100.000	79087.0	100.000	79087.0	100.000
13000.0	60.	100.000	79087.0	100.000	79087.0	100.000
14000.0	60.	100.000	79087.0	100.000	79087.0	100.000
15000.0	60.	100.000	79087.0	100.000	79087.0	100.000
16000.0	60.	100.000	79087.0	100.000	79087.0	100.000
17000.0	60.	100.000	79087.0	100.000	79087.0	100.000
18000.0	60.	100.000	79087.0	100.000	79087.0	100.000
19000.0	60.	100.000	79087.0	100.000	79087.0	100.000
20000.0	60.	100.000	79087.0	100.000	79087.0	100.000
25000.0	60.	100.000	79087.0	100.000	79087.0	100.000
30000.0	60.	100.000	79087.0	100.000	79087.0	100.000
35000.0	60.	100.000	79087.0	100.000	79087.0	100.000
40000.0	60.	100.000	79087.0	100.000	79087.0	100.000
45000.0	60.	100.000	79087.0	100.000	79087.0	100.000
50000.0	60.	100.000	79087.0	100.000	79087.0	100.000
60000.0	60.	100.000	79087.0	100.000	79087.0	100.000
70000.0	60.	100.000	79087.0	100.000	79087.0	100.000
80000.0	60.	100.000	79087.0	100.000	79087.0	100.000
90000.0	60.	100.000	79087.0	100.000	79087.0	100.000
100000.0	60.	100.000	79087.0	100.000	79087.0	100.000
120000.0	60.	100.000	79087.0	100.000	79087.0	100.000
150000.0	60.	100.000	79087.0	100.000	79087.0	100.000
200000.0	60.	100.000	79087.0	100.000	79087.0	100.000
241489.0	60.	100.000	79087.0	100.000	79087.0	100.000
300000.0	60.	100.000	79087.0	100.000	79087.0	100.000
500000.0	60.	100.000	79087.0	100.000	79087.0	100.000
1000000.0	60.	100.000	79087.0	100.000	79087.0	100.000
9999999.9	60.	100.000	79087.0	100.000	79087.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	14.	8.974	0.0	0.000	0.0	0.000
1.0	14.	8.974	0.0	0.000	142.0	0.027
25.0	14.	8.974	0.0	0.000	3550.0	0.664
50.0	14.	8.974	0.0	0.000	7100.0	1.328
400.0	24.	15.385	1770.6	0.331	54570.6	10.211
1000.0	35.	22.436	8930.9	1.671	129930.9	24.312
2000.0	49.	31.410	29314.1	5.485	243314.1	45.527
2500.0	57.	36.538	47384.7	8.866	294884.7	55.176
3000.0	70.	44.872	83095.7	15.548	341095.7	63.823
4000.0	102.	65.385	195986.9	36.671	411986.9	77.088
5000.0	128.	82.051	311420.1	58.270	451420.1	84.466
6000.0	139.	89.103	372355.1	69.672	474355.1	88.757
7000.0	143.	91.667	398070.8	74.484	489070.8	91.511
8000.0	148.	94.872	434911.8	81.377	498911.8	93.352
9000.0	151.	96.795	460478.4	86.161	505478.4	94.581
10000.0	151.	96.795	460478.4	86.161	510478.4	95.517
11000.0	151.	96.795	460478.4	86.161	515478.4	96.452
12000.0	152.	97.436	471872.6	88.293	519872.6	97.274
13000.0	152.	97.436	471872.6	88.293	523872.6	98.023
14000.0	153.	98.077	485460.2	90.835	527460.2	98.694
15000.0	154.	98.718	499968.9	93.550	529968.9	99.163
16000.0	154.	98.718	499968.9	93.550	531968.9	99.538
17000.0	155.	99.359	516915.5	96.721	533915.5	99.902
18000.0	156.	100.000	534439.5	100.000	534439.5	100.000
19000.0	156.	100.000	534439.5	100.000	534439.5	100.000
20000.0	156.	100.000	534439.5	100.000	534439.5	100.000
25000.0	156.	100.000	534439.5	100.000	534439.5	100.000
30000.0	156.	100.000	534439.5	100.000	534439.5	100.000
35000.0	156.	100.000	534439.5	100.000	534439.5	100.000
40000.0	156.	100.000	534439.5	100.000	534439.5	100.000
45000.0	156.	100.000	534439.5	100.000	534439.5	100.000
50000.0	156.	100.000	534439.5	100.000	534439.5	100.000
60000.0	156.	100.000	534439.5	100.000	534439.5	100.000
70000.0	156.	100.000	534439.5	100.000	534439.5	100.000
80000.0	156.	100.000	534439.5	100.000	534439.5	100.000
90000.0	156.	100.000	534439.5	100.000	534439.5	100.000
100000.0	156.	100.000	534439.5	100.000	534439.5	100.000
120000.0	156.	100.000	534439.5	100.000	534439.5	100.000
150000.0	156.	100.000	534439.5	100.000	534439.5	100.000
200000.0	156.	100.000	534439.5	100.000	534439.5	100.000
241489.0	156.	100.000	534439.5	100.000	534439.5	100.000
300000.0	156.	100.000	534439.5	100.000	534439.5	100.000
500000.0	156.	100.000	534439.5	100.000	534439.5	100.000
1000000.0	156.	100.000	534439.5	100.000	534439.5	100.000
9999999.9	156.	100.000	534439.5	100.000	534439.5	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	14.	4.167	0.0	0.000	0.0	0.000
1.0	15.	4.464	1.0	0.000	322.0	0.005
25.0	18.	5.357	43.0	0.001	7993.0	0.127
50.0	18.	5.357	43.0	0.001	15943.0	0.254
400.0	27.	8.036	2049.0	0.033	125649.0	2.000
1000.0	37.	11.012	8521.0	0.136	307521.0	4.894
2000.0	59.	17.560	45047.0	0.717	599047.0	9.534
2500.0	78.	23.214	87341.0	1.390	732341.0	11.655
3000.0	95.	28.274	133633.0	2.127	856633.0	13.633
4000.0	126.	37.500	243306.0	3.872	1083306.0	17.241
5000.0	146.	43.452	332590.0	5.293	1282590.0	20.412
6000.0	161.	47.917	415203.0	6.608	1465203.0	23.318
7000.0	172.	51.190	486472.0	7.742	1634472.0	26.012
8000.0	186.	55.357	592092.0	9.423	1792092.0	28.521
9000.0	202.	60.119	726836.0	11.567	1932836.0	30.761
10000.0	213.	63.393	831863.0	13.239	2061863.0	32.814
11000.0	221.	65.774	916568.0	14.587	2181568.0	34.719
12000.0	228.	67.857	998157.0	15.885	2294157.0	36.511
13000.0	233.	69.345	1060415.0	16.876	2399415.0	38.186
14000.0	235.	69.940	1088086.0	17.317	2502086.0	39.820
15000.0	244.	72.619	1219961.0	19.415	2599961.0	41.378
16000.0	253.	75.298	1359282.0	21.633	2687282.0	42.767
17000.0	256.	76.190	1407913.0	22.407	2767913.0	44.051
18000.0	263.	78.274	1530157.0	24.352	2844157.0	45.264
19000.0	267.	79.464	1604025.0	25.528	2915025.0	46.392
20000.0	268.	79.762	1623877.0	25.844	2983877.0	47.488
25000.0	274.	81.548	1760290.0	28.015	3310290.0	52.682
30000.0	283.	84.226	1995287.0	31.754	3585287.0	57.059
35000.0	289.	86.012	2188606.0	34.831	3833606.0	61.011
40000.0	294.	87.500	2378585.0	37.855	4058585.0	64.591
45000.0	299.	88.988	2588576.0	41.196	4253576.0	67.694
50000.0	302.	89.881	2732681.0	43.490	4432681.0	70.545
60000.0	308.	91.667	3075144.0	48.940	4755144.0	75.677
70000.0	313.	93.155	3387022.0	53.904	4997022.0	79.526
80000.0	314.	93.452	3466588.0	55.170	5226588.0	83.180
90000.0	316.	94.048	3643581.0	57.987	5443581.0	86.633
100000.0	318.	94.643	3834158.0	61.020	5634158.0	89.666
120000.0	330.	98.214	5147709.0	81.924	5867709.0	93.383
150000.0	331.	98.512	5273277.0	83.923	6023277.0	95.859
200000.0	333.	99.107	5634788.0	89.676	6234788.0	99.225
241489.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
300000.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
500000.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
1000000.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
9999999.9	336.	100.000	6283491.0	100.000	6283491.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	192.0	0.021
25.0	0.	0.000	0.0	0.000	4800.0	0.529
50.0	1.	0.521	46.0	0.005	9596.0	1.058
400.0	3.	1.562	540.0	0.060	76140.0	8.394
1000.0	10.	5.208	5576.5	0.615	187576.5	20.679
2000.0	50.	26.042	67852.4	7.480	351852.4	38.790
2500.0	70.	36.458	112681.9	12.423	417681.9	46.048
3000.0	83.	43.229	148906.9	16.416	475906.9	52.467
4000.0	105.	54.687	224700.4	24.772	572700.4	63.138
5000.0	125.	65.104	314362.2	34.657	649362.2	71.589
6000.0	139.	72.396	390252.8	43.024	708252.8	78.082
7000.0	152.	79.167	474242.5	52.283	754242.5	83.152
8000.0	161.	83.854	542498.4	59.808	790498.4	87.149
9000.0	165.	85.937	576122.4	63.515	819122.4	90.305
10000.0	170.	88.542	623355.2	68.722	843355.2	92.976
11000.0	175.	91.146	676949.3	74.631	863949.3	95.247
12000.0	178.	92.708	712081.1	78.504	880081.1	97.025
13000.0	182.	94.792	761025.0	83.900	891025.0	98.232
14000.0	187.	97.396	828762.9	91.368	898762.9	99.085
15000.0	189.	98.437	858024.8	94.594	903024.8	99.555
16000.0	190.	98.958	873386.5	96.287	905386.5	99.815
17000.0	191.	99.479	889844.2	98.101	906844.2	99.976
18000.0	192.	100.000	907065.2	100.000	907065.2	100.000
19000.0	192.	100.000	907065.2	100.000	907065.2	100.000
20000.0	192.	100.000	907065.2	100.000	907065.2	100.000
25000.0	192.	100.000	907065.2	100.000	907065.2	100.000
30000.0	192.	100.000	907065.2	100.000	907065.2	100.000
35000.0	192.	100.000	907065.2	100.000	907065.2	100.000
40000.0	192.	100.000	907065.2	100.000	907065.2	100.000
45000.0	192.	100.000	907065.2	100.000	907065.2	100.000
50000.0	192.	100.000	907065.2	100.000	907065.2	100.000
60000.0	192.	100.000	907065.2	100.000	907065.2	100.000
70000.0	192.	100.000	907065.2	100.000	907065.2	100.000
80000.0	192.	100.000	907065.2	100.000	907065.2	100.000
90000.0	192.	100.000	907065.2	100.000	907065.2	100.000
100000.0	192.	100.000	907065.2	100.000	907065.2	100.000
120000.0	192.	100.000	907065.2	100.000	907065.2	100.000
150000.0	192.	100.000	907065.2	100.000	907065.2	100.000
200000.0	192.	100.000	907065.2	100.000	907065.2	100.000
241489.0	192.	100.000	907065.2	100.000	907065.2	100.000
300000.0	192.	100.000	907065.2	100.000	907065.2	100.000
500000.0	192.	100.000	907065.2	100.000	907065.2	100.000
1000000.0	192.	100.000	907065.2	100.000	907065.2	100.000
9999999.9	192.	100.000	907065.2	100.000	907065.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	10.	4.630	0.0	0.000	0.0	0.000
1.0	10.	4.630	0.0	0.000	206.0	0.017
25.0	14.	6.481	56.0	0.004	5106.0	0.410
50.0	17.	7.870	171.0	0.014	10121.0	0.813
400.0	32.	14.815	3254.0	0.261	76854.0	6.174
1000.0	44.	20.370	11688.0	0.939	183688.0	14.756
2000.0	70.	32.407	52397.0	4.209	344397.0	27.667
2500.0	90.	41.667	96887.0	7.783	411887.0	33.089
3000.0	107.	49.537	143417.0	11.521	470417.0	37.791
4000.0	125.	57.870	206796.0	16.613	570796.0	45.855
5000.0	137.	63.426	261696.0	21.023	656696.0	52.755
6000.0	148.	68.519	321981.0	25.866	729981.0	58.643
7000.0	152.	70.370	347956.0	27.953	795956.0	63.943
8000.0	156.	72.222	378102.0	30.375	858102.0	68.935
9000.0	163.	75.463	436536.0	35.069	913536.0	73.388
10000.0	171.	79.167	514522.0	41.334	964522.0	77.484
11000.0	179.	82.870	598427.0	48.074	1005427.0	80.770
12000.0	186.	86.111	677727.0	54.445	1037727.0	83.365
13000.0	189.	87.500	715427.0	57.473	1066427.0	85.671
14000.0	191.	88.426	741809.0	59.593	1091809.0	87.710
15000.0	193.	89.352	770972.0	61.936	1115972.0	89.651
16000.0	194.	89.815	786890.0	63.214	1138890.0	91.492
17000.0	196.	90.741	819648.0	65.846	1159648.0	93.160
18000.0	202.	93.519	924910.0	74.302	1176910.0	94.546
19000.0	204.	94.444	962343.0	77.309	1190343.0	95.625
20000.0	205.	94.907	982269.0	78.910	1202269.0	96.584
25000.0	214.	99.074	1189428.0	95.552	1239428.0	99.569
30000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
35000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
40000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
45000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
50000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
60000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
70000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
80000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
90000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
100000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
120000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
150000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
200000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
241489.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
300000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
500000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
1000000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
9999999.9	216.	100.000	1244797.0	100.000	1244797.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-SMITH
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.010
25.0	0.	0.000	0.0	0.000	300.0	0.257
50.0	0.	0.000	0.0	0.000	600.0	0.514
400.0	0.	0.000	0.0	0.000	4800.0	4.112
1000.0	0.	0.000	0.0	0.000	12000.0	10.280
2000.0	0.	0.000	0.0	0.000	24000.0	20.560
2500.0	0.	0.000	0.0	0.000	30000.0	25.700
3000.0	0.	0.000	0.0	0.000	36000.0	30.840
4000.0	0.	0.000	0.0	0.000	48000.0	41.119
5000.0	0.	0.000	0.0	0.000	60000.0	51.399
6000.0	0.	0.000	0.0	0.000	72000.0	61.679
7000.0	0.	0.000	0.0	0.000	84000.0	71.959
8000.0	0.	0.000	0.0	0.000	96000.0	82.239
9000.0	7.	58.333	59898.0	51.312	104898.0	89.861
10000.0	7.	58.333	59898.0	51.312	109898.0	94.145
11000.0	9.	75.000	80918.0	69.319	113918.0	97.589
12000.0	11.	91.667	104366.0	89.406	116366.0	99.686
13000.0	12.	100.000	116733.0	100.000	116733.0	100.000
14000.0	12.	100.000	116733.0	100.000	116733.0	100.000
15000.0	12.	100.000	116733.0	100.000	116733.0	100.000
16000.0	12.	100.000	116733.0	100.000	116733.0	100.000
17000.0	12.	100.000	116733.0	100.000	116733.0	100.000
18000.0	12.	100.000	116733.0	100.000	116733.0	100.000
19000.0	12.	100.000	116733.0	100.000	116733.0	100.000
20000.0	12.	100.000	116733.0	100.000	116733.0	100.000
25000.0	12.	100.000	116733.0	100.000	116733.0	100.000
30000.0	12.	100.000	116733.0	100.000	116733.0	100.000
35000.0	12.	100.000	116733.0	100.000	116733.0	100.000
40000.0	12.	100.000	116733.0	100.000	116733.0	100.000
45000.0	12.	100.000	116733.0	100.000	116733.0	100.000
50000.0	12.	100.000	116733.0	100.000	116733.0	100.000
60000.0	12.	100.000	116733.0	100.000	116733.0	100.000
70000.0	12.	100.000	116733.0	100.000	116733.0	100.000
80000.0	12.	100.000	116733.0	100.000	116733.0	100.000
90000.0	12.	100.000	116733.0	100.000	116733.0	100.000
100000.0	12.	100.000	116733.0	100.000	116733.0	100.000
120000.0	12.	100.000	116733.0	100.000	116733.0	100.000
150000.0	12.	100.000	116733.0	100.000	116733.0	100.000
200000.0	12.	100.000	116733.0	100.000	116733.0	100.000
241489.0	12.	100.000	116733.0	100.000	116733.0	100.000
300000.0	12.	100.000	116733.0	100.000	116733.0	100.000
500000.0	12.	100.000	116733.0	100.000	116733.0	100.000
1000000.0	12.	100.000	116733.0	100.000	116733.0	100.000
9999999.9	12.	100.000	116733.0	100.000	116733.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS3
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	3.	12.500	0.0	0.000	0.0	0.000
1.0	3.	12.500	0.0	0.000	21.0	0.010
25.0	3.	12.500	0.0	0.000	525.0	0.262
50.0	3.	12.500	0.0	0.000	1050.0	0.525
400.0	4.	16.667	216.0	0.108	8216.0	4.104
1000.0	5.	20.833	848.0	0.424	19848.0	9.915
2000.0	6.	25.000	2518.0	1.258	38518.0	19.241
2500.0	6.	25.000	2518.0	1.258	47518.0	23.737
3000.0	7.	29.167	5426.0	2.710	56426.0	28.186
4000.0	7.	29.167	5426.0	2.710	73426.0	36.678
5000.0	9.	37.500	13994.0	6.990	88994.0	44.455
6000.0	11.	45.833	24592.0	12.284	102592.0	51.248
7000.0	12.	50.000	31087.0	15.529	115087.0	57.489
8000.0	12.	50.000	31087.0	15.529	127087.0	63.484
9000.0	12.	50.000	31087.0	15.529	139087.0	69.478
10000.0	12.	50.000	31087.0	15.529	151087.0	75.472
11000.0	12.	50.000	31087.0	15.529	163087.0	81.467
12000.0	16.	66.667	77669.0	38.798	173669.0	86.753
13000.0	17.	70.833	89942.0	44.929	180942.0	90.386
14000.0	18.	75.000	103869.0	51.885	187869.0	93.846
15000.0	20.	83.333	132875.0	66.375	192875.0	96.346
16000.0	20.	83.333	132875.0	66.375	196875.0	98.345
17000.0	23.	95.833	181462.0	90.645	198462.0	99.137
18000.0	23.	95.833	181462.0	90.645	199462.0	99.637
19000.0	24.	100.000	200189.0	100.000	200189.0	100.000
20000.0	24.	100.000	200189.0	100.000	200189.0	100.000
25000.0	24.	100.000	200189.0	100.000	200189.0	100.000
30000.0	24.	100.000	200189.0	100.000	200189.0	100.000
35000.0	24.	100.000	200189.0	100.000	200189.0	100.000
40000.0	24.	100.000	200189.0	100.000	200189.0	100.000
45000.0	24.	100.000	200189.0	100.000	200189.0	100.000
50000.0	24.	100.000	200189.0	100.000	200189.0	100.000
60000.0	24.	100.000	200189.0	100.000	200189.0	100.000
70000.0	24.	100.000	200189.0	100.000	200189.0	100.000
80000.0	24.	100.000	200189.0	100.000	200189.0	100.000
90000.0	24.	100.000	200189.0	100.000	200189.0	100.000
100000.0	24.	100.000	200189.0	100.000	200189.0	100.000
120000.0	24.	100.000	200189.0	100.000	200189.0	100.000
150000.0	24.	100.000	200189.0	100.000	200189.0	100.000
200000.0	24.	100.000	200189.0	100.000	200189.0	100.000
241489.0	24.	100.000	200189.0	100.000	200189.0	100.000
300000.0	24.	100.000	200189.0	100.000	200189.0	100.000
500000.0	24.	100.000	200189.0	100.000	200189.0	100.000
1000000.0	24.	100.000	200189.0	100.000	200189.0	100.000
9999999.9	24.	100.000	200189.0	100.000	200189.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX1
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.006
25.0	0.	0.000	0.0	0.000	300.0	0.153
50.0	0.	0.000	0.0	0.000	600.0	0.306
400.0	0.	0.000	0.0	0.000	4800.0	2.451
1000.0	0.	0.000	0.0	0.000	12000.0	6.128
2000.0	0.	0.000	0.0	0.000	24000.0	12.255
2500.0	1.	8.333	2205.0	1.126	29705.0	15.168
3000.0	1.	8.333	2205.0	1.126	35205.0	17.977
4000.0	2.	16.667	5883.2	3.004	45883.2	23.429
5000.0	2.	16.667	5883.2	3.004	55883.2	28.535
6000.0	2.	16.667	5883.2	3.004	65883.2	33.642
7000.0	3.	25.000	12310.9	6.286	75310.9	38.456
8000.0	3.	25.000	12310.9	6.286	84310.9	43.051
9000.0	4.	33.333	20318.9	10.375	92318.9	47.141
10000.0	4.	33.333	20318.9	10.375	100318.9	51.226
11000.0	5.	41.667	30873.2	15.765	107873.2	55.083
12000.0	5.	41.667	30873.2	15.765	114873.2	58.657
13000.0	5.	41.667	30873.2	15.765	121873.2	62.232
14000.0	5.	41.667	30873.2	15.765	128873.2	65.806
15000.0	5.	41.667	30873.2	15.765	135873.2	69.381
16000.0	6.	50.000	46808.1	23.901	142808.1	72.922
17000.0	7.	58.333	63742.1	32.548	148742.1	75.952
18000.0	7.	58.333	63742.1	32.548	153742.1	78.505
19000.0	7.	58.333	63742.1	32.548	158742.1	81.058
20000.0	7.	58.333	63742.1	32.548	163742.1	83.611
25000.0	9.	75.000	112019.8	57.200	187019.8	95.497
30000.0	12.	100.000	195837.7	100.000	195837.7	100.000
35000.0	12.	100.000	195837.7	100.000	195837.7	100.000
40000.0	12.	100.000	195837.7	100.000	195837.7	100.000
45000.0	12.	100.000	195837.7	100.000	195837.7	100.000
50000.0	12.	100.000	195837.7	100.000	195837.7	100.000
60000.0	12.	100.000	195837.7	100.000	195837.7	100.000
70000.0	12.	100.000	195837.7	100.000	195837.7	100.000
80000.0	12.	100.000	195837.7	100.000	195837.7	100.000
90000.0	12.	100.000	195837.7	100.000	195837.7	100.000
100000.0	12.	100.000	195837.7	100.000	195837.7	100.000
120000.0	12.	100.000	195837.7	100.000	195837.7	100.000
150000.0	12.	100.000	195837.7	100.000	195837.7	100.000
200000.0	12.	100.000	195837.7	100.000	195837.7	100.000
241489.0	12.	100.000	195837.7	100.000	195837.7	100.000
300000.0	12.	100.000	195837.7	100.000	195837.7	100.000
500000.0	12.	100.000	195837.7	100.000	195837.7	100.000
1000000.0	12.	100.000	195837.7	100.000	195837.7	100.000
9999999.9	12.	100.000	195837.7	100.000	195837.7	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX2
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	5.	41.667	0.0	0.000	0.0	0.000
1.0	5.	41.667	0.0	0.000	7.0	0.062
25.0	6.	50.000	18.0	0.160	168.0	1.496
50.0	7.	58.333	47.0	0.418	297.0	2.644
400.0	10.	83.333	677.0	6.027	1477.0	13.150
1000.0	10.	83.333	677.0	6.027	2677.0	23.834
2000.0	10.	83.333	677.0	6.027	4677.0	41.640
2500.0	11.	91.667	3060.0	27.244	5560.0	49.501
3000.0	11.	91.667	3060.0	27.244	6060.0	53.953
4000.0	11.	91.667	3060.0	27.244	7060.0	62.856
5000.0	11.	91.667	3060.0	27.244	8060.0	71.759
6000.0	11.	91.667	3060.0	27.244	9060.0	80.662
7000.0	11.	91.667	3060.0	27.244	10060.0	89.566
8000.0	11.	91.667	3060.0	27.244	11060.0	98.469
9000.0	12.	100.000	11232.0	100.000	11232.0	100.000
10000.0	12.	100.000	11232.0	100.000	11232.0	100.000
11000.0	12.	100.000	11232.0	100.000	11232.0	100.000
12000.0	12.	100.000	11232.0	100.000	11232.0	100.000
13000.0	12.	100.000	11232.0	100.000	11232.0	100.000
14000.0	12.	100.000	11232.0	100.000	11232.0	100.000
15000.0	12.	100.000	11232.0	100.000	11232.0	100.000
16000.0	12.	100.000	11232.0	100.000	11232.0	100.000
17000.0	12.	100.000	11232.0	100.000	11232.0	100.000
18000.0	12.	100.000	11232.0	100.000	11232.0	100.000
19000.0	12.	100.000	11232.0	100.000	11232.0	100.000
20000.0	12.	100.000	11232.0	100.000	11232.0	100.000
25000.0	12.	100.000	11232.0	100.000	11232.0	100.000
30000.0	12.	100.000	11232.0	100.000	11232.0	100.000
35000.0	12.	100.000	11232.0	100.000	11232.0	100.000
40000.0	12.	100.000	11232.0	100.000	11232.0	100.000
45000.0	12.	100.000	11232.0	100.000	11232.0	100.000
50000.0	12.	100.000	11232.0	100.000	11232.0	100.000
60000.0	12.	100.000	11232.0	100.000	11232.0	100.000
70000.0	12.	100.000	11232.0	100.000	11232.0	100.000
80000.0	12.	100.000	11232.0	100.000	11232.0	100.000
90000.0	12.	100.000	11232.0	100.000	11232.0	100.000
100000.0	12.	100.000	11232.0	100.000	11232.0	100.000
120000.0	12.	100.000	11232.0	100.000	11232.0	100.000
150000.0	12.	100.000	11232.0	100.000	11232.0	100.000
200000.0	12.	100.000	11232.0	100.000	11232.0	100.000
241489.0	12.	100.000	11232.0	100.000	11232.0	100.000
300000.0	12.	100.000	11232.0	100.000	11232.0	100.000
500000.0	12.	100.000	11232.0	100.000	11232.0	100.000
1000000.0	12.	100.000	11232.0	100.000	11232.0	100.000
9999999.9	12.	100.000	11232.0	100.000	11232.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX4
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.008
25.0	0.	0.000	0.0	0.000	300.0	0.207
50.0	0.	0.000	0.0	0.000	600.0	0.415
400.0	0.	0.000	0.0	0.000	4800.0	3.318
1000.0	0.	0.000	0.0	0.000	12000.0	8.295
2000.0	0.	0.000	0.0	0.000	24000.0	16.589
2500.0	0.	0.000	0.0	0.000	30000.0	20.737
3000.0	0.	0.000	0.0	0.000	36000.0	24.884
4000.0	0.	0.000	0.0	0.000	48000.0	33.179
5000.0	0.	0.000	0.0	0.000	60000.0	41.473
6000.0	0.	0.000	0.0	0.000	72000.0	49.768
7000.0	0.	0.000	0.0	0.000	84000.0	58.062
8000.0	1.	8.333	7639.0	5.280	95639.0	66.107
9000.0	2.	16.667	16501.0	11.406	106501.0	73.615
10000.0	4.	33.333	35001.0	24.193	115001.0	79.491
11000.0	5.	41.667	45057.0	31.144	122057.0	84.368
12000.0	6.	50.000	56517.0	39.066	128517.0	88.833
13000.0	8.	66.667	81532.0	56.356	133532.0	92.300
14000.0	8.	66.667	81532.0	56.356	137532.0	95.065
15000.0	10.	83.333	110973.0	76.707	140973.0	97.443
16000.0	10.	83.333	110973.0	76.707	142973.0	98.826
17000.0	11.	91.667	127262.0	87.966	144262.0	99.717
18000.0	12.	100.000	144672.0	100.000	144672.0	100.000
19000.0	12.	100.000	144672.0	100.000	144672.0	100.000
20000.0	12.	100.000	144672.0	100.000	144672.0	100.000
25000.0	12.	100.000	144672.0	100.000	144672.0	100.000
30000.0	12.	100.000	144672.0	100.000	144672.0	100.000
35000.0	12.	100.000	144672.0	100.000	144672.0	100.000
40000.0	12.	100.000	144672.0	100.000	144672.0	100.000
45000.0	12.	100.000	144672.0	100.000	144672.0	100.000
50000.0	12.	100.000	144672.0	100.000	144672.0	100.000
60000.0	12.	100.000	144672.0	100.000	144672.0	100.000
70000.0	12.	100.000	144672.0	100.000	144672.0	100.000
80000.0	12.	100.000	144672.0	100.000	144672.0	100.000
90000.0	12.	100.000	144672.0	100.000	144672.0	100.000
100000.0	12.	100.000	144672.0	100.000	144672.0	100.000
120000.0	12.	100.000	144672.0	100.000	144672.0	100.000
150000.0	12.	100.000	144672.0	100.000	144672.0	100.000
200000.0	12.	100.000	144672.0	100.000	144672.0	100.000
241489.0	12.	100.000	144672.0	100.000	144672.0	100.000
300000.0	12.	100.000	144672.0	100.000	144672.0	100.000
500000.0	12.	100.000	144672.0	100.000	144672.0	100.000
1000000.0	12.	100.000	144672.0	100.000	144672.0	100.000
9999999.9	12.	100.000	144672.0	100.000	144672.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX5
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	2.	5.556	0.0	0.000	0.0	0.000
1.0	2.	5.556	0.0	0.000	34.0	0.001
25.0	2.	5.556	0.0	0.000	850.0	0.016
50.0	2.	5.556	0.0	0.000	1700.0	0.033
400.0	2.	5.556	0.0	0.000	13600.0	0.264
1000.0	2.	5.556	0.0	0.000	34000.0	0.660
2000.0	2.	5.556	0.0	0.000	68000.0	1.320
2500.0	2.	5.556	0.0	0.000	85000.0	1.650
3000.0	2.	5.556	0.0	0.000	102000.0	1.980
4000.0	2.	5.556	0.0	0.000	136000.0	2.640
5000.0	2.	5.556	0.0	0.000	170000.0	3.300
6000.0	2.	5.556	0.0	0.000	204000.0	3.960
7000.0	2.	5.556	0.0	0.000	238000.0	4.620
8000.0	2.	5.556	0.0	0.000	272000.0	5.279
9000.0	2.	5.556	0.0	0.000	306000.0	5.939
10000.0	2.	5.556	0.0	0.000	340000.0	6.599
11000.0	2.	5.556	0.0	0.000	374000.0	7.259
12000.0	2.	5.556	0.0	0.000	408000.0	7.919
13000.0	2.	5.556	0.0	0.000	442000.0	8.579
14000.0	2.	5.556	0.0	0.000	476000.0	9.239
15000.0	2.	5.556	0.0	0.000	510000.0	9.899
16000.0	2.	5.556	0.0	0.000	544000.0	10.559
17000.0	2.	5.556	0.0	0.000	578000.0	11.219
18000.0	2.	5.556	0.0	0.000	612000.0	11.879
19000.0	2.	5.556	0.0	0.000	646000.0	12.539
20000.0	2.	5.556	0.0	0.000	680000.0	13.199
25000.0	2.	5.556	0.0	0.000	850000.0	16.498
30000.0	4.	11.111	54578.0	1.059	1014578.0	19.693
35000.0	8.	22.222	185977.0	3.610	1165977.0	22.631
40000.0	10.	27.778	263704.0	5.118	1303704.0	25.305
45000.0	12.	33.333	349143.0	6.777	1429143.0	27.739
50000.0	14.	38.889	442134.0	8.582	1542134.0	29.933
60000.0	14.	38.889	442134.0	8.582	1762134.0	34.203
70000.0	14.	38.889	442134.0	8.582	1982134.0	38.473
80000.0	14.	38.889	442134.0	8.582	2202134.0	42.743
90000.0	20.	55.556	939451.0	18.235	2379451.0	46.185
100000.0	20.	55.556	939451.0	18.235	2539451.0	49.290
120000.0	20.	55.556	939451.0	18.235	2859451.0	55.501
150000.0	20.	55.556	939451.0	18.235	3339451.0	64.818
200000.0	21.	58.333	1108706.0	21.520	4108706.0	79.749
241489.0	26.	72.222	2209219.0	42.881	4624109.0	89.753
300000.0	32.	88.889	3774448.0	73.261	4974448.0	96.553
500000.0	36.	100.000	5152027.0	100.000	5152027.0	100.000
1000000.0	36.	100.000	5152027.0	100.000	5152027.0	100.000
9999999.9	36.	100.000	5152027.0	100.000	5152027.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX6
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.005
25.0	0.	0.000	0.0	0.000	300.0	0.123
50.0	0.	0.000	0.0	0.000	600.0	0.245
400.0	0.	0.000	0.0	0.000	4800.0	1.962
1000.0	0.	0.000	0.0	0.000	12000.0	4.904
2000.0	0.	0.000	0.0	0.000	24000.0	9.808
2500.0	0.	0.000	0.0	0.000	30000.0	12.260
3000.0	0.	0.000	0.0	0.000	36000.0	14.712
4000.0	0.	0.000	0.0	0.000	48000.0	19.616
5000.0	0.	0.000	0.0	0.000	60000.0	24.521
6000.0	0.	0.000	0.0	0.000	72000.0	29.425
7000.0	0.	0.000	0.0	0.000	84000.0	34.329
8000.0	1.	8.333	7197.0	2.941	95197.0	38.905
9000.0	1.	8.333	7197.0	2.941	106197.0	43.400
10000.0	2.	16.667	16531.0	6.756	116531.0	47.624
11000.0	2.	16.667	16531.0	6.756	126531.0	51.710
12000.0	3.	25.000	28401.0	11.607	136401.0	55.744
13000.0	3.	25.000	28401.0	11.607	145401.0	59.422
14000.0	3.	25.000	28401.0	11.607	154401.0	63.100
15000.0	3.	25.000	28401.0	11.607	163401.0	66.778
16000.0	3.	25.000	28401.0	11.607	172401.0	70.456
17000.0	3.	25.000	28401.0	11.607	181401.0	74.134
18000.0	3.	25.000	28401.0	11.607	190401.0	77.813
19000.0	3.	25.000	28401.0	11.607	199401.0	81.491
20000.0	3.	25.000	28401.0	11.607	208401.0	85.169
25000.0	11.	91.667	218195.0	89.171	243195.0	99.388
30000.0	12.	100.000	244692.0	100.000	244692.0	100.000
35000.0	12.	100.000	244692.0	100.000	244692.0	100.000
40000.0	12.	100.000	244692.0	100.000	244692.0	100.000
45000.0	12.	100.000	244692.0	100.000	244692.0	100.000
50000.0	12.	100.000	244692.0	100.000	244692.0	100.000
60000.0	12.	100.000	244692.0	100.000	244692.0	100.000
70000.0	12.	100.000	244692.0	100.000	244692.0	100.000
80000.0	12.	100.000	244692.0	100.000	244692.0	100.000
90000.0	12.	100.000	244692.0	100.000	244692.0	100.000
100000.0	12.	100.000	244692.0	100.000	244692.0	100.000
120000.0	12.	100.000	244692.0	100.000	244692.0	100.000
150000.0	12.	100.000	244692.0	100.000	244692.0	100.000
200000.0	12.	100.000	244692.0	100.000	244692.0	100.000
241489.0	12.	100.000	244692.0	100.000	244692.0	100.000
300000.0	12.	100.000	244692.0	100.000	244692.0	100.000
500000.0	12.	100.000	244692.0	100.000	244692.0	100.000
1000000.0	12.	100.000	244692.0	100.000	244692.0	100.000
9999999.9	12.	100.000	244692.0	100.000	244692.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX7
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.002
25.0	0.	0.000	0.0	0.000	300.0	0.051
50.0	0.	0.000	0.0	0.000	600.0	0.102
400.0	0.	0.000	0.0	0.000	4800.0	0.818
1000.0	0.	0.000	0.0	0.000	12000.0	2.044
2000.0	0.	0.000	0.0	0.000	24000.0	4.089
2500.0	0.	0.000	0.0	0.000	30000.0	5.111
3000.0	0.	0.000	0.0	0.000	36000.0	6.133
4000.0	0.	0.000	0.0	0.000	48000.0	8.178
5000.0	0.	0.000	0.0	0.000	60000.0	10.222
6000.0	0.	0.000	0.0	0.000	72000.0	12.267
7000.0	0.	0.000	0.0	0.000	84000.0	14.311
8000.0	0.	0.000	0.0	0.000	96000.0	16.356
9000.0	0.	0.000	0.0	0.000	108000.0	18.400
10000.0	0.	0.000	0.0	0.000	120000.0	20.444
11000.0	0.	0.000	0.0	0.000	132000.0	22.489
12000.0	0.	0.000	0.0	0.000	144000.0	24.533
13000.0	0.	0.000	0.0	0.000	156000.0	26.578
14000.0	0.	0.000	0.0	0.000	168000.0	28.622
15000.0	0.	0.000	0.0	0.000	180000.0	30.667
16000.0	0.	0.000	0.0	0.000	192000.0	32.711
17000.0	0.	0.000	0.0	0.000	204000.0	34.755
18000.0	0.	0.000	0.0	0.000	216000.0	36.800
19000.0	0.	0.000	0.0	0.000	228000.0	38.844
20000.0	0.	0.000	0.0	0.000	240000.0	40.889
25000.0	0.	0.000	0.0	0.000	300000.0	51.111
30000.0	0.	0.000	0.0	0.000	360000.0	61.333
35000.0	0.	0.000	0.0	0.000	420000.0	71.555
40000.0	0.	0.000	0.0	0.000	480000.0	81.778
45000.0	2.	16.667	86116.0	14.672	536116.0	91.338
50000.0	8.	66.667	377956.0	64.392	577956.0	98.466
60000.0	12.	100.000	586958.0	100.000	586958.0	100.000
70000.0	12.	100.000	586958.0	100.000	586958.0	100.000
80000.0	12.	100.000	586958.0	100.000	586958.0	100.000
90000.0	12.	100.000	586958.0	100.000	586958.0	100.000
100000.0	12.	100.000	586958.0	100.000	586958.0	100.000
120000.0	12.	100.000	586958.0	100.000	586958.0	100.000
150000.0	12.	100.000	586958.0	100.000	586958.0	100.000
200000.0	12.	100.000	586958.0	100.000	586958.0	100.000
241489.0	12.	100.000	586958.0	100.000	586958.0	100.000
300000.0	12.	100.000	586958.0	100.000	586958.0	100.000
500000.0	12.	100.000	586958.0	100.000	586958.0	100.000
1000000.0	12.	100.000	586958.0	100.000	586958.0	100.000
9999999.9	12.	100.000	586958.0	100.000	586958.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SAS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.024
25.0	0.	0.000	0.0	0.000	300.0	0.608
50.0	0.	0.000	0.0	0.000	600.0	1.215
400.0	0.	0.000	0.0	0.000	4800.0	9.720
1000.0	0.	0.000	0.0	0.000	12000.0	24.301
2000.0	4.	33.333	4874.4	9.871	20874.4	42.272
2500.0	4.	33.333	4874.4	9.871	24874.4	50.373
3000.0	6.	50.000	10759.8	21.790	28759.8	58.241
4000.0	7.	58.333	14065.0	28.483	34065.0	68.985
5000.0	7.	58.333	14065.0	28.483	39065.0	79.110
6000.0	8.	66.667	19629.6	39.752	43629.6	88.354
7000.0	9.	75.000	25859.0	52.367	46859.0	94.894
8000.0	11.	91.667	41303.5	83.643	49303.5	99.844
9000.0	12.	100.000	49380.6	100.000	49380.6	100.000
10000.0	12.	100.000	49380.6	100.000	49380.6	100.000
11000.0	12.	100.000	49380.6	100.000	49380.6	100.000
12000.0	12.	100.000	49380.6	100.000	49380.6	100.000
13000.0	12.	100.000	49380.6	100.000	49380.6	100.000
14000.0	12.	100.000	49380.6	100.000	49380.6	100.000
15000.0	12.	100.000	49380.6	100.000	49380.6	100.000
16000.0	12.	100.000	49380.6	100.000	49380.6	100.000
17000.0	12.	100.000	49380.6	100.000	49380.6	100.000
18000.0	12.	100.000	49380.6	100.000	49380.6	100.000
19000.0	12.	100.000	49380.6	100.000	49380.6	100.000
20000.0	12.	100.000	49380.6	100.000	49380.6	100.000
25000.0	12.	100.000	49380.6	100.000	49380.6	100.000
30000.0	12.	100.000	49380.6	100.000	49380.6	100.000
35000.0	12.	100.000	49380.6	100.000	49380.6	100.000
40000.0	12.	100.000	49380.6	100.000	49380.6	100.000
45000.0	12.	100.000	49380.6	100.000	49380.6	100.000
50000.0	12.	100.000	49380.6	100.000	49380.6	100.000
60000.0	12.	100.000	49380.6	100.000	49380.6	100.000
70000.0	12.	100.000	49380.6	100.000	49380.6	100.000
80000.0	12.	100.000	49380.6	100.000	49380.6	100.000
90000.0	12.	100.000	49380.6	100.000	49380.6	100.000
100000.0	12.	100.000	49380.6	100.000	49380.6	100.000
120000.0	12.	100.000	49380.6	100.000	49380.6	100.000
150000.0	12.	100.000	49380.6	100.000	49380.6	100.000
200000.0	12.	100.000	49380.6	100.000	49380.6	100.000
241489.0	12.	100.000	49380.6	100.000	49380.6	100.000
300000.0	12.	100.000	49380.6	100.000	49380.6	100.000
500000.0	12.	100.000	49380.6	100.000	49380.6	100.000
1000000.0	12.	100.000	49380.6	100.000	49380.6	100.000
9999999.9	12.	100.000	49380.6	100.000	49380.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SC2
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.005
25.0	0.	0.000	0.0	0.000	300.0	0.128
50.0	0.	0.000	0.0	0.000	600.0	0.255
400.0	0.	0.000	0.0	0.000	4800.0	2.043
1000.0	0.	0.000	0.0	0.000	12000.0	5.108
2000.0	0.	0.000	0.0	0.000	24000.0	10.217
2500.0	0.	0.000	0.0	0.000	30000.0	12.771
3000.0	0.	0.000	0.0	0.000	36000.0	15.325
4000.0	0.	0.000	0.0	0.000	48000.0	20.434
5000.0	0.	0.000	0.0	0.000	60000.0	25.542
6000.0	0.	0.000	0.0	0.000	72000.0	30.651
7000.0	0.	0.000	0.0	0.000	84000.0	35.759
8000.0	0.	0.000	0.0	0.000	96000.0	40.868
9000.0	1.	8.333	8236.0	3.506	107236.0	45.651
10000.0	1.	8.333	8236.0	3.506	118236.0	50.334
11000.0	1.	8.333	8236.0	3.506	129236.0	55.017
12000.0	1.	8.333	8236.0	3.506	140236.0	59.699
13000.0	4.	33.333	45862.0	19.524	149862.0	63.797
14000.0	4.	33.333	45862.0	19.524	157862.0	67.203
15000.0	4.	33.333	45862.0	19.524	165862.0	70.608
16000.0	5.	41.667	61334.0	26.110	173334.0	73.789
17000.0	5.	41.667	61334.0	26.110	180334.0	76.769
18000.0	6.	50.000	79186.0	33.710	187186.0	79.686
19000.0	6.	50.000	79186.0	33.710	193186.0	82.240
20000.0	7.	58.333	98440.0	41.906	198440.0	84.477
25000.0	10.	83.333	167001.0	71.093	217001.0	92.379
30000.0	11.	91.667	196632.0	83.707	226632.0	96.479
35000.0	11.	91.667	196632.0	83.707	231632.0	98.607
40000.0	12.	100.000	234904.0	100.000	234904.0	100.000
45000.0	12.	100.000	234904.0	100.000	234904.0	100.000
50000.0	12.	100.000	234904.0	100.000	234904.0	100.000
60000.0	12.	100.000	234904.0	100.000	234904.0	100.000
70000.0	12.	100.000	234904.0	100.000	234904.0	100.000
80000.0	12.	100.000	234904.0	100.000	234904.0	100.000
90000.0	12.	100.000	234904.0	100.000	234904.0	100.000
100000.0	12.	100.000	234904.0	100.000	234904.0	100.000
120000.0	12.	100.000	234904.0	100.000	234904.0	100.000
150000.0	12.	100.000	234904.0	100.000	234904.0	100.000
200000.0	12.	100.000	234904.0	100.000	234904.0	100.000
241489.0	12.	100.000	234904.0	100.000	234904.0	100.000
300000.0	12.	100.000	234904.0	100.000	234904.0	100.000
500000.0	12.	100.000	234904.0	100.000	234904.0	100.000
1000000.0	12.	100.000	234904.0	100.000	234904.0	100.000
9999999.9	12.	100.000	234904.0	100.000	234904.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SC3
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.000
25.0	0.	0.000	0.0	0.000	300.0	0.009
50.0	0.	0.000	0.0	0.000	600.0	0.019
400.0	0.	0.000	0.0	0.000	4800.0	0.148
1000.0	0.	0.000	0.0	0.000	12000.0	0.370
2000.0	0.	0.000	0.0	0.000	24000.0	0.741
2500.0	0.	0.000	0.0	0.000	30000.0	0.926
3000.0	0.	0.000	0.0	0.000	36000.0	1.111
4000.0	0.	0.000	0.0	0.000	48000.0	1.482
5000.0	0.	0.000	0.0	0.000	60000.0	1.852
6000.0	0.	0.000	0.0	0.000	72000.0	2.223
7000.0	0.	0.000	0.0	0.000	84000.0	2.593
8000.0	0.	0.000	0.0	0.000	96000.0	2.964
9000.0	0.	0.000	0.0	0.000	108000.0	3.334
10000.0	0.	0.000	0.0	0.000	120000.0	3.705
11000.0	0.	0.000	0.0	0.000	132000.0	4.075
12000.0	0.	0.000	0.0	0.000	144000.0	4.445
13000.0	0.	0.000	0.0	0.000	156000.0	4.816
14000.0	0.	0.000	0.0	0.000	168000.0	5.186
15000.0	0.	0.000	0.0	0.000	180000.0	5.557
16000.0	0.	0.000	0.0	0.000	192000.0	5.927
17000.0	0.	0.000	0.0	0.000	204000.0	6.298
18000.0	0.	0.000	0.0	0.000	216000.0	6.668
19000.0	0.	0.000	0.0	0.000	228000.0	7.039
20000.0	0.	0.000	0.0	0.000	240000.0	7.409
25000.0	0.	0.000	0.0	0.000	300000.0	9.261
30000.0	0.	0.000	0.0	0.000	360000.0	11.114
35000.0	0.	0.000	0.0	0.000	420000.0	12.966
40000.0	0.	0.000	0.0	0.000	480000.0	14.818
45000.0	0.	0.000	0.0	0.000	540000.0	16.671
50000.0	0.	0.000	0.0	0.000	600000.0	18.523
60000.0	0.	0.000	0.0	0.000	720000.0	22.227
70000.0	0.	0.000	0.0	0.000	840000.0	25.932
80000.0	0.	0.000	0.0	0.000	960000.0	29.637
90000.0	0.	0.000	0.0	0.000	1080000.0	33.341
100000.0	0.	0.000	0.0	0.000	1200000.0	37.046
120000.0	0.	0.000	0.0	0.000	1440000.0	44.455
150000.0	0.	0.000	0.0	0.000	1800000.0	55.569
200000.0	1.	8.333	188074.0	5.806	2388074.0	73.723
241489.0	7.	58.333	1503124.0	46.404	2710569.0	83.679
300000.0	8.	66.667	1752479.0	54.102	2952479.0	91.147
500000.0	12.	100.000	3239241.0	100.000	3239241.0	100.000
1000000.0	12.	100.000	3239241.0	100.000	3239241.0	100.000
9999999.9	12.	100.000	3239241.0	100.000	3239241.0	100.000

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 107

Please provide the WPM workpapers and Schedules M and N in electronic format.

Response of Columbia Gas of Kentucky:

Attached are the WPM workpapers and Schedule M in compact disc (CD) format. The file name is 2007-00008 AG Set1-107 Attachment 1.xls. Also attached are Schedule N tariff sales rate schedules. The file name is 2007-00008 AG Set1-107 Attachment 2.xls. Also attached are Schedule N transportation rate schedules. The file name is 2007-00008 AG Set1-107 Attachment 3.xls.

Attorney General Data Request Set 1
Question No. **108**
Columbia Gas of Kentucky Respondent: **Judy Cooper**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 108

Please provide all workpapers and source data used to develop Attachment JMC-1 to the testimony of Judy Cooper.

Response of Columbia Gas of Kentucky:

Please refer to response to PSC Set 2 – 29, parts a and b.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 109

Please provide all source documents and workpapers underlying the 75% "Behavioral Factor" in Attachment JMC-2 to the testimony of Judy Cooper.

Response of Columbia Gas of Kentucky

Please refer to response to PSC Set 2-29, part d., and AG Set 1-21.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 110

Please describe how, if at all, the Company will distinguish between mains replacements that are part of the AMRP and those that are not, that is, those that would have been made without the AMRP.

Response of Columbia Gas of Kentucky:

All mains replacement projects pertaining to the AMRP, will be identified and tracked by the assignment of unique specific budget numbers issued solely for the identification of the AMRP project. Individual project work order numbers will then be issued relating to these specific budget numbers. For instance, and for illustrative purposes only:

	CKY Specific Budget 1234 – AMRP Phase 1
Work Order A	Replace 5,000' in Lexington
Work Order B	Replace 12,000' in Frankfort
Work Order C	Replace 1,500' in Paris
Work Order D	Replace 7,000' in Winchester
Work Order E	Replace 900' in Louisa

Throughout the duration of the project, it is highly probable numerous specific budgets will be issued taking into account items such as operational requirements, timelines, and budgeting parameters.

In addition, a unique Project ID strictly for the AMRP will be assigned by field operations to link all issued work orders together within their Work Management System.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 111

Will the AMRP surcharge apply to all customers in each customer class regardless of the customer's consumption of gas?

Response of Columbia Gas of Kentucky:

Please refer pages 15 and 16 of my testimony. The AMRP surcharge will be charged to applicable customers regardless of the customer's consumption of gas.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 112

How will the Company identify the property taxes attributable to the AMRP program?

Response of Columbia Gas of Kentucky

Columbia will not identify property taxes attributable to the AMRP program as is not seeking recovery of property taxes in the AMRP Rider.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 113

In what way will the PISCC encourage customer growth, as asserted by Ms. Cooper at page 17 of her testimony?

Response of Columbia Gas of Kentucky:

Please see Columbia's response to PSC Set 2-034 part a.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 114

Please provide electronic copies of Mr. Gibbon's class cost of service studies, with all algorithms and formulas intact.

Response of Columbia Gas of Kentucky:

Electronic copies of the class cost of service studies with all algorithms and formulas intact are being provided on a separate CD.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 115

Please explain more fully the following sentence on page 5 of Mr. Gibbon's testimony: "The services were valued for each rates schedule using the average unit cost based on detailed capitalized property records." Provide a listing of the unit costs for services used in Mr. Gibbon's study.

Response of Columbia Gas of Kentucky:

Detailed costing of service lines using the Company's detailed capitalized property records was conducted to arrive at an average unit cost per all service lines (Main/Meter, Maine/Curb, Curb/Meter) by size. The average unit cost was then applied to the number of services classified to each rate class. Please see the attachment for a detailed listing of the unit cost calculation.

COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 380 - SERVICES
SOURCE - LISTING OF SERVICES BY SIZE AND KIND

	Rate Schedule	Under 3"	Duplicates ±	Total Under 3"	3" & Over	Duplicates ±	Total 3" & Over	Total
GS-Res	Blank	1,455	348	1,107	1		1	1,108
	GSR	110,557	9,803	100,754	68	34	34	100,788
	GTR	32,326	1,197	31,129	10	5	5	31,134
	GIR	36	7	29			0	29
	IN3	13		13			0	13
	In4	1		1			0	1
	IN5	6		6			0	6
	LG2	2		2			0	2
	LG3	2		2			0	2
	LG4	1		1			0	1
	LOC	817	188	629	3	3	0	629
	Total	**145,216**	**11,543**	**133,673**	**82**	**42**	**40**	**133,713**
GS-Other	Blank - com	92	30	62	1		1	63
	GSO-Com	12,711	2,851	9,860	311	35	276	10,136
	GST-Com	13		13	16		16	29
	GTO-Com	4,468	734	3,734	86	9	77	3,811
	G1C-Com	4		4			0	4
	IN3-Com	2		2			0	2
	LG2_com	2		2			0	2
	LOC-Com	113	42	71			0	71
	Blank-Ind	1		1			0	1
	GSO-Ind	48	2	46	10		10	56
	GST - Ind	15		15	3		3	18
	GSO - Elec	0		0	2		2	2
	GTO-Ind	10	2	8	2		2	10
		17,479	**3,661**	**13,818**	**431**	**44**	**387**	**14,205**
IUS	IUS	**2**	**0**	**2**	**0**	**0**	**0**	**2**
DS-MLS	FX5	**0**	**0**	**0**	**0**	**0**	**0**	**0**
DS/IS/SS	IS-Com	9	0	9	14	0	14	23
	SS-Com	15	1	14	35	2	33	47
	IS-Ind	31	4	27	71	3	68	95
	SS-Ind	7	0	7	13	0	13	20
		62	**5**	**57**	**133**	**5**	**128**	**185**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 116

Please provide a listing of the unit meter costs used in Mr. Gibbon's study.

Response of Columbia Gas of Kentucky:

Please see the attached.

COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 381 - METERS
SOURCE - LISTING BY RATE SCHEDUDLE, BY SIZE OF METER.

Rate Schedule	Total	GS-RES.	GS-OTHER	IUS	DS-ML/SC	DS/IS/SS
GSR	5,244,485	5244485				
GSO	2,752,319	-	2,752,319			
G1C	4,081		4,081			
G1R	1,526	1,526				
GST	-					
IN4	53	52.63				
IN5	263	263				
IN3	579	526	53			
IUS	2,577			2,577		
IS	-					
LG2	456	53	404			
LG3	404	404				
LG4	53	53				
SS	-					
GTO	1,047,678		1,047,678			
GTR	1,426,005	1,426,005				
SC3	4,389					4,389
SC2	3,624					3,624
DS3	3,624				3,624	
DS-Smith	1,812					1,812
SAS	1,812					1,812
DS-IS	79,732					79,732
DS-IS-SS	90,374					90,374
FX1	3,624					3,624
FX2	-					
FX5	5,436				5,436	
FX6	1,812				1,812	
FX7	1,812				1,812	
DS-GS	18,121		18,121			
DS-GS-SS	32,027		32,027			
	-					
	-	-	-	-	-	-
Total	10,728,678	6,673,367	3,854,682	2,577	12,685	185,367
%	100.00%	62.20%	35.93%	0.02%	0.12%	1.73%

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 117

What is the rationale for recommending customers charges of $12.75 and $28.00 for residential and commercial customers, respectively, rather than $14 and $29 as indicated on Attachment RDG-6?

Response of Columbia Gas of Kentucky:

While Columbia strives to develop its customer charges based on principles of cost-causation as determined in the class cost of service study, the Company elected to propose customer charges that were less than the charges supported by the Customer Charge Study. The Customer Charge Study certainly supported customer charges of $14 and $29, but in the interest of gradualism and to reduce rate shock, the Company elected a lower customer charge while still being able to propose reduced volumetric rates.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 118

Please explain why some Columbia customers are billed under LG&E's gas rate tariff.

Response of Columbia Gas of Kentucky:

Per a purchase agreement between Columbia Gas Transmission Corporation (TCO) and LG&E when TCO acquired the line known as the "LG&E line". One of the clauses in the agreement is that the customers served off the line will be charged the LG&E's rates.

F D

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BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

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Question No. 106

Please provide, in electronic format, the bill frequency distributions alluded to on page 9 of Mr. Balmert's testimony.

Response of Columbia Gas of Kentucky:

Attached are the bill frequencies by rate schedule by customer class based on normalized volumes in compact disc (CD) format. The file name is 2007-00008 AG Set1-106 Attachment.pdf. Note the bill frequencies are generated through CKY's mainframe computer and therefore only a PDF format is available. Also note the bill frequencies do not include usage adjustments by rate block associated with new, conversion, and attrition customers calculated and shown on work paper WPM-E (see response to AG Set1-107 for Excel spreadsheet).

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	24760.	19.068	0.0	0.000	0.0	0.000
0.5	37877.	29.170	3661.8	0.104	49648.8	1.415
1.0	47059.	36.241	10744.8	0.306	93535.8	2.666
1.1	48515.	37.362	12346.4	0.352	101815.4	2.903
1.2	49873.	38.408	13976.0	0.398	109948.0	3.134
1.3	51130.	39.376	15610.1	0.445	117946.1	3.362
1.4	52327.	40.298	17285.9	0.493	125817.9	3.587
1.5	53419.	41.139	18923.9	0.539	133570.9	3.808
2.0	57873.	44.569	26443.4	0.754	170397.4	4.858
3.0	65472.	50.421	45239.6	1.290	238373.6	6.795
4.0	70825.	54.544	63888.7	1.821	299988.7	8.552
5.0	75116.	57.848	82901.9	2.363	356571.9	10.165
8.0	84184.	64.832	139900.0	3.988	505228.0	14.403
10.0	88690.	68.302	180417.2	5.143	592017.2	16.877
12.0	92303.	71.084	219820.3	6.267	670384.3	19.111
15.0	96219.	74.100	272233.0	7.761	776698.0	22.142
17.0	98680.	75.995	311146.8	8.870	841036.8	23.976
20.0	101808.	78.404	368002.0	10.491	928842.0	26.479
30.0	108543.	83.591	530553.8	15.125	1169763.8	33.347
40.0	112799.	86.869	676023.3	19.272	1358063.3	38.715
50.0	115754.	89.144	807144.4	23.010	1511944.4	43.102
60.0	117931.	90.821	926527.3	26.413	1641667.3	46.800
70.0	119620.	92.122	1035060.8	29.507	1751160.8	49.922
80.0	120854.	93.072	1128274.7	32.164	1847954.7	52.681
90.0	122003.	93.957	1224360.6	34.904	1930590.6	55.037
100.0	122825.	94.590	1302352.0	37.127	2004852.0	57.154
150.0	125389.	96.564	1610784.8	45.920	2279934.8	64.996
200.0	126745.	97.609	1842087.5	52.514	2463087.5	70.217
250.0	127542.	98.223	2017141.3	57.504	2594141.3	73.953
300.0	128067.	98.627	2161736.2	61.626	2696636.2	76.875
350.0	128420.	98.899	2274673.0	64.846	2775173.0	79.114
400.0	128691.	99.107	2377353.1	67.773	2840953.1	80.989
450.0	128880.	99.253	2456024.3	70.016	2892524.3	82.459
500.0	129036.	99.373	2530718.0	72.145	2937718.0	83.748
550.0	129152.	99.462	2590934.2	73.862	2974834.2	84.806
600.0	129243.	99.533	2643120.0	75.349	3007320.0	85.732
700.0	129380.	99.638	2731530.5	77.870	3060530.5	87.249
800.0	129471.	99.708	2799279.3	79.801	3102479.3	88.444
900.0	129538.	99.760	2855799.3	81.412	3136599.3	89.417
1000.0	129585.	99.796	2900132.8	82.676	3165132.8	90.231
1250.0	129666.	99.858	2989135.9	85.213	3219135.9	91.770
1500.0	129716.	99.897	3057190.0	87.153	3258190.0	92.883
1750.0	129751.	99.924	3112703.5	88.736	3285953.5	93.675
2000.0	129785.	99.950	3175152.1	90.516	3305152.1	94.222
99999.9	129850.	100.000	3507826.4	100.000	3507826.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSR
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	123997.	10.623	0.0	0.000	0.0	0.000
0.5	310263.	26.581	57892.6	0.859	486386.6	7.215
1.0	436951.	37.434	153271.3	2.274	883571.3	13.107
1.1	457652.	39.208	176042.4	2.611	956601.4	14.190
1.2	477761.	40.930	200173.2	2.969	1027561.2	15.243
1.3	497376.	42.611	225672.7	3.348	1096510.7	16.265
1.4	515760.	44.186	251410.3	3.729	1163497.3	17.259
1.5	532959.	45.659	277208.8	4.112	1228646.8	18.226
2.0	612863.	52.505	419057.6	6.216	1527833.6	22.664
3.0	731006.	62.626	712448.7	10.568	2021183.7	29.982
4.0	801023.	68.625	949028.1	14.078	2413940.1	35.808
5.0	849964.	72.818	1166865.6	17.309	2753300.6	40.842
8.0	934973.	80.100	1707033.5	25.322	3565257.5	52.887
10.0	970776.	83.168	2017995.2	29.935	3982745.2	59.079
12.0	991616.	84.953	2238753.2	33.209	4346373.2	64.473
15.0	1028405.	88.105	2714509.9	40.267	4797199.9	71.161
17.0	1048866.	89.858	3032404.2	44.982	5044949.2	74.836
20.0	1073999.	92.011	3491452.7	51.792	5356492.7	79.457
30.0	1126371.	96.498	4764835.5	70.681	5991235.5	88.873
40.0	1148090.	98.358	5486996.1	81.393	6253436.1	92.763
50.0	1157793.	99.190	5897991.4	87.490	6370891.4	94.505
60.0	1162300.	99.576	6138866.8	91.063	6435926.8	95.470
70.0	1164585.	99.772	6289152.0	93.292	6475772.0	96.061
80.0	1165482.	99.848	6354673.7	94.264	6496193.7	96.364
90.0	1165683.	99.866	6371527.7	94.514	6512647.7	96.608
100.0	1166166.	99.907	6415618.5	95.168	6524118.5	96.778
150.0	1166639.	99.948	6471406.6	95.996	6563206.6	97.358
200.0	1166808.	99.962	6498676.9	96.400	6587276.9	97.715
250.0	1166924.	99.972	6523211.9	96.764	6604961.9	97.977
300.0	1166981.	99.977	6538437.4	96.990	6619437.4	98.192
350.0	1167019.	99.980	6550597.8	97.171	6631797.8	98.375
400.0	1167046.	99.982	6560589.1	97.319	6642589.1	98.535
450.0	1167065.	99.984	6568579.6	97.437	6652279.6	98.679
500.0	1167092.	99.986	6581077.9	97.623	6660577.9	98.802
550.0	1167106.	99.988	6588414.9	97.732	6668164.9	98.915
600.0	1167118.	99.989	6595188.3	97.832	6674988.3	99.016
700.0	1167144.	99.991	6611902.8	98.080	6686802.8	99.191
800.0	1167161.	99.992	6624526.9	98.267	6696526.9	99.335
900.0	1167174.	99.993	6635548.1	98.431	6704848.1	99.459
1000.0	1167187.	99.995	6647789.4	98.612	6711789.4	99.562
1250.0	1167208.	99.996	6671135.7	98.959	6724885.7	99.756
1500.0	1167228.	99.998	6698861.2	99.370	6733361.2	99.882
1750.0	1167237.	99.999	6713375.0	99.585	6737875.0	99.949
2000.0	1167245.	99.999	6728320.4	99.807	6740320.4	99.985
99999.9	1167251.	100.000	6741333.9	100.000	6741333.9	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE G1C
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	1.	1.923	0.0	0.000	0.0	0.000
0.5	13.	25.000	1.3	0.022	21.3	0.358
1.0	13.	25.000	1.6	0.027	40.6	0.682
1.1	13.	25.000	1.6	0.027	44.6	0.749
1.2	14.	26.923	2.8	0.047	48.8	0.819
1.3	15.	28.846	4.1	0.069	52.1	0.875
1.4	16.	30.769	5.5	0.092	55.5	0.932
1.5	16.	30.769	5.5	0.092	59.5	0.999
2.0	20.	38.462	12.5	0.210	76.5	1.284
3.0	21.	40.385	14.7	0.247	107.7	1.808
4.0	23.	44.231	21.7	0.364	137.7	2.312
5.0	23.	44.231	21.7	0.364	166.7	2.799
8.0	27.	51.923	48.4	0.813	248.4	4.171
10.0	27.	51.923	48.4	0.813	298.4	5.010
12.0	29.	55.769	68.6	1.152	344.6	5.786
15.0	33.	63.462	120.8	2.028	405.8	6.813
17.0	33.	63.462	120.8	2.028	443.8	7.451
20.0	34.	65.385	138.8	2.330	498.8	8.375
30.0	35.	67.308	160.4	2.693	670.4	11.256
40.0	37.	71.154	321.2	5.393	921.2	15.466
50.0	37.	71.154	321.2	5.393	1071.2	17.985
60.0	40.	76.923	610.8	10.255	1330.8	22.343
70.0	42.	80.769	736.3	12.362	1436.3	24.115
80.0	43.	82.692	872.6	14.651	1592.6	26.739
90.0	46.	88.462	1964.3	32.980	2504.3	42.046
100.0	46.	88.462	1964.3	32.980	2564.3	43.053
150.0	47.	90.385	2202.0	36.971	2952.0	49.563
200.0	47.	90.385	2202.0	36.971	3202.0	53.760
250.0	48.	92.308	2595.5	43.577	3595.5	60.367
300.0	48.	92.308	2595.5	43.577	3795.5	63.725
350.0	48.	92.308	2595.5	43.577	3995.5	67.082
400.0	51.	98.077	4996.9	83.896	5396.9	90.611
450.0	51.	98.077	4996.9	83.896	5446.9	91.451
500.0	52.	100.000	5956.1	100.000	5956.1	100.000
550.0	52.	100.000	5956.1	100.000	5956.1	100.000
600.0	52.	100.000	5956.1	100.000	5956.1	100.000
700.0	52.	100.000	5956.1	100.000	5956.1	100.000
800.0	52.	100.000	5956.1	100.000	5956.1	100.000
900.0	52.	100.000	5956.1	100.000	5956.1	100.000
1000.0	52.	100.000	5956.1	100.000	5956.1	100.000
1250.0	52.	100.000	5956.1	100.000	5956.1	100.000
1500.0	52.	100.000	5956.1	100.000	5956.1	100.000
1750.0	52.	100.000	5956.1	100.000	5956.1	100.000
2000.0	52.	100.000	5956.1	100.000	5956.1	100.000
99999.9	52.	100.000	5956.1	100.000	5956.1	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE G1R
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	31.	8.179	0.0	0.000	0.0	0.000
0.5	90.	23.747	16.6	0.578	161.6	5.626
1.0	127.	33.509	44.7	1.556	296.7	10.330
1.1	135.	35.620	53.5	1.863	321.5	11.194
1.2	139.	36.675	58.3	2.030	346.3	12.057
1.3	146.	38.522	67.4	2.347	370.4	12.896
1.4	151.	39.842	74.4	2.590	393.4	13.697
1.5	154.	40.633	78.9	2.747	416.9	14.515
2.0	179.	47.230	120.9	4.209	520.9	18.136
3.0	213.	56.201	206.5	7.190	704.5	24.528
4.0	242.	63.852	305.6	10.640	853.6	29.719
5.0	262.	69.129	399.9	13.923	984.9	34.291
8.0	291.	76.781	583.7	20.322	1287.7	44.833
10.0	305.	80.475	717.9	24.995	1457.9	50.759
12.0	315.	83.113	828.7	28.852	1596.7	55.592
15.0	325.	85.752	965.2	33.605	1775.2	61.806
17.0	331.	87.335	1058.8	36.864	1874.8	65.274
20.0	338.	89.182	1193.0	41.536	2013.0	70.086
30.0	354.	93.404	1607.6	55.971	2357.6	82.083
40.0	366.	96.570	2039.0	70.991	2559.0	89.095
50.0	372.	98.153	2308.9	80.388	2658.9	92.574
60.0	374.	98.681	2420.0	84.256	2720.0	94.701
70.0	378.	99.736	2763.4	96.212	2833.4	98.649
80.0	378.	99.736	2763.4	96.212	2843.4	98.997
90.0	379.	100.000	2872.2	100.000	2872.2	100.000
100.0	379.	100.000	2872.2	100.000	2872.2	100.000
150.0	379.	100.000	2872.2	100.000	2872.2	100.000
200.0	379.	100.000	2872.2	100.000	2872.2	100.000
250.0	379.	100.000	2872.2	100.000	2872.2	100.000
300.0	379.	100.000	2872.2	100.000	2872.2	100.000
350.0	379.	100.000	2872.2	100.000	2872.2	100.000
400.0	379.	100.000	2872.2	100.000	2872.2	100.000
450.0	379.	100.000	2872.2	100.000	2872.2	100.000
500.0	379.	100.000	2872.2	100.000	2872.2	100.000
550.0	379.	100.000	2872.2	100.000	2872.2	100.000
600.0	379.	100.000	2872.2	100.000	2872.2	100.000
700.0	379.	100.000	2872.2	100.000	2872.2	100.000
800.0	379.	100.000	2872.2	100.000	2872.2	100.000
900.0	379.	100.000	2872.2	100.000	2872.2	100.000
1000.0	379.	100.000	2872.2	100.000	2872.2	100.000
1250.0	379.	100.000	2872.2	100.000	2872.2	100.000
1500.0	379.	100.000	2872.2	100.000	2872.2	100.000
1750.0	379.	100.000	2872.2	100.000	2872.2	100.000
2000.0	379.	100.000	2872.2	100.000	2872.2	100.000
99999.9	379.	100.000	2872.2	100.000	2872.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN3
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	2.	1.667	0.0	0.000	0.0	0.000
0.5	22.	18.333	4.1	0.285	53.1	3.696
1.0	30.	25.000	10.2	0.710	100.2	6.974
1.1	33.	27.500	13.5	0.940	109.5	7.622
1.2	35.	29.167	15.9	1.107	117.9	8.206
1.3	36.	30.000	17.2	1.197	126.2	8.784
1.4	38.	31.667	20.0	1.392	135.0	9.397
1.5	38.	31.667	20.0	1.392	143.0	9.953
2.0	44.	36.667	30.5	2.123	182.5	12.703
3.0	54.	45.000	55.3	3.849	253.3	17.631
4.0	62.	51.667	83.5	5.812	315.5	21.960
5.0	68.	56.667	111.1	7.733	371.1	25.830
8.0	83.	69.167	210.7	14.666	506.7	35.268
10.0	86.	71.667	237.8	16.552	577.8	40.217
12.0	89.	74.167	272.1	18.939	644.1	44.832
15.0	95.	79.167	355.8	24.765	730.8	50.867
17.0	96.	80.000	371.9	25.886	779.9	54.284
20.0	98.	81.667	408.6	28.440	848.6	59.066
30.0	106.	88.333	608.6	42.361	1028.6	71.595
40.0	111.	92.500	795.9	55.398	1155.9	80.455
50.0	114.	95.000	939.4	65.386	1239.4	86.267
60.0	115.	95.833	994.0	69.186	1294.0	90.068
70.0	118.	98.333	1224.7	85.244	1364.7	94.989
80.0	119.	99.167	1322.3	92.037	1402.3	97.606
90.0	119.	99.167	1322.3	92.037	1412.3	98.302
100.0	120.	100.000	1436.7	100.000	1436.7	100.000
150.0	120.	100.000	1436.7	100.000	1436.7	100.000
200.0	120.	100.000	1436.7	100.000	1436.7	100.000
250.0	120.	100.000	1436.7	100.000	1436.7	100.000
300.0	120.	100.000	1436.7	100.000	1436.7	100.000
350.0	120.	100.000	1436.7	100.000	1436.7	100.000
400.0	120.	100.000	1436.7	100.000	1436.7	100.000
450.0	120.	100.000	1436.7	100.000	1436.7	100.000
500.0	120.	100.000	1436.7	100.000	1436.7	100.000
550.0	120.	100.000	1436.7	100.000	1436.7	100.000
600.0	120.	100.000	1436.7	100.000	1436.7	100.000
700.0	120.	100.000	1436.7	100.000	1436.7	100.000
800.0	120.	100.000	1436.7	100.000	1436.7	100.000
900.0	120.	100.000	1436.7	100.000	1436.7	100.000
1000.0	120.	100.000	1436.7	100.000	1436.7	100.000
1250.0	120.	100.000	1436.7	100.000	1436.7	100.000
1500.0	120.	100.000	1436.7	100.000	1436.7	100.000
1750.0	120.	100.000	1436.7	100.000	1436.7	100.000
2000.0	120.	100.000	1436.7	100.000	1436.7	100.000
99999.9	120.	100.000	1436.7	100.000	1436.7	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN3
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	-2.0	-2.601	4.0	5.202
1.0	8.	66.667	3.2	4.161	7.2	9.363
1.1	8.	66.667	3.2	4.161	7.2	9.363
1.2	8.	66.667	3.2	4.161	8.2	10.663
1.3	8.	66.667	3.2	4.161	8.2	10.663
1.4	9.	75.000	4.6	5.982	8.6	11.183
1.5	11.	91.667	7.6	9.883	9.6	12.484
2.0	12.	100.000	76.9	100.000	76.9	100.000
3.0	12.	100.000	76.9	100.000	76.9	100.000
4.0	12.	100.000	76.9	100.000	76.9	100.000
5.0	12.	100.000	76.9	100.000	76.9	100.000
8.0	12.	100.000	76.9	100.000	76.9	100.000
10.0	12.	100.000	76.9	100.000	76.9	100.000
12.0	12.	100.000	76.9	100.000	76.9	100.000
15.0	12.	100.000	76.9	100.000	76.9	100.000
17.0	12.	100.000	76.9	100.000	76.9	100.000
20.0	12.	100.000	76.9	100.000	76.9	100.000
30.0	12.	100.000	76.9	100.000	76.9	100.000
40.0	12.	100.000	76.9	100.000	76.9	100.000
50.0	12.	100.000	76.9	100.000	76.9	100.000
60.0	12.	100.000	76.9	100.000	76.9	100.000
70.0	12.	100.000	76.9	100.000	76.9	100.000
80.0	12.	100.000	76.9	100.000	76.9	100.000
90.0	12.	100.000	76.9	100.000	76.9	100.000
100.0	12.	100.000	76.9	100.000	76.9	100.000
150.0	12.	100.000	76.9	100.000	76.9	100.000
200.0	12.	100.000	76.9	100.000	76.9	100.000
250.0	12.	100.000	76.9	100.000	76.9	100.000
300.0	12.	100.000	76.9	100.000	76.9	100.000
350.0	12.	100.000	76.9	100.000	76.9	100.000
400.0	12.	100.000	76.9	100.000	76.9	100.000
450.0	12.	100.000	76.9	100.000	76.9	100.000
500.0	12.	100.000	76.9	100.000	76.9	100.000
550.0	12.	100.000	76.9	100.000	76.9	100.000
600.0	12.	100.000	76.9	100.000	76.9	100.000
700.0	12.	100.000	76.9	100.000	76.9	100.000
800.0	12.	100.000	76.9	100.000	76.9	100.000
900.0	12.	100.000	76.9	100.000	76.9	100.000
1000.0	12.	100.000	76.9	100.000	76.9	100.000
1250.0	12.	100.000	76.9	100.000	76.9	100.000
1500.0	12.	100.000	76.9	100.000	76.9	100.000
1750.0	12.	100.000	76.9	100.000	76.9	100.000
2000.0	12.	100.000	76.9	100.000	76.9	100.000
99999.9	12.	100.000	76.9	100.000	76.9	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN4
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	-0.5	-0.495	5.5	5.440
1.0	0.	0.000	-2.0	-1.978	10.0	9.891
1.1	1.	8.333	-0.9	-0.890	11.1	10.979
1.2	2.	16.667	0.3	0.297	12.3	12.166
1.3	3.	25.000	1.6	1.583	13.6	13.452
1.4	3.	25.000	1.6	1.583	14.6	14.441
1.5	3.	25.000	1.6	1.583	15.6	15.430
2.0	4.	33.333	9.9	9.792	25.9	25.618
3.0	6.	50.000	20.7	20.475	38.7	38.279
4.0	8.	66.667	37.1	36.696	53.1	52.522
5.0	8.	66.667	37.1	36.696	57.1	56.479
8.0	11.	91.667	81.7	80.811	89.7	88.724
10.0	12.	100.000	101.1	100.000	101.1	100.000
12.0	12.	100.000	101.1	100.000	101.1	100.000
15.0	12.	100.000	101.1	100.000	101.1	100.000
17.0	12.	100.000	101.1	100.000	101.1	100.000
20.0	12.	100.000	101.1	100.000	101.1	100.000
30.0	12.	100.000	101.1	100.000	101.1	100.000
40.0	12.	100.000	101.1	100.000	101.1	100.000
50.0	12.	100.000	101.1	100.000	101.1	100.000
60.0	12.	100.000	101.1	100.000	101.1	100.000
70.0	12.	100.000	101.1	100.000	101.1	100.000
80.0	12.	100.000	101.1	100.000	101.1	100.000
90.0	12.	100.000	101.1	100.000	101.1	100.000
100.0	12.	100.000	101.1	100.000	101.1	100.000
150.0	12.	100.000	101.1	100.000	101.1	100.000
200.0	12.	100.000	101.1	100.000	101.1	100.000
250.0	12.	100.000	101.1	100.000	101.1	100.000
300.0	12.	100.000	101.1	100.000	101.1	100.000
350.0	12.	100.000	101.1	100.000	101.1	100.000
400.0	12.	100.000	101.1	100.000	101.1	100.000
450.0	12.	100.000	101.1	100.000	101.1	100.000
500.0	12.	100.000	101.1	100.000	101.1	100.000
550.0	12.	100.000	101.1	100.000	101.1	100.000
600.0	12.	100.000	101.1	100.000	101.1	100.000
700.0	12.	100.000	101.1	100.000	101.1	100.000
800.0	12.	100.000	101.1	100.000	101.1	100.000
900.0	12.	100.000	101.1	100.000	101.1	100.000
1000.0	12.	100.000	101.1	100.000	101.1	100.000
1250.0	12.	100.000	101.1	100.000	101.1	100.000
1500.0	12.	100.000	101.1	100.000	101.1	100.000
1750.0	12.	100.000	101.1	100.000	101.1	100.000
2000.0	12.	100.000	101.1	100.000	101.1	100.000
99999.9	12.	100.000	101.1	100.000	101.1	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IN5
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	1.	1.667	0.0	0.000	0.0	0.000
0.5	9.	15.000	0.7	0.104	26.7	3.953
1.0	15.	25.000	4.3	0.637	49.3	7.299
1.1	17.	28.333	6.5	0.962	53.5	7.921
1.2	18.	30.000	7.7	1.140	57.7	8.543
1.3	20.	33.333	10.3	1.525	62.3	9.224
1.4	22.	36.667	13.1	1.940	66.1	9.787
1.5	22.	36.667	13.1	1.940	70.1	10.379
2.0	25.	41.667	18.0	2.665	88.0	13.029
3.0	28.	46.667	25.8	3.820	121.8	18.034
4.0	33.	55.000	44.4	6.574	152.4	22.564
5.0	36.	60.000	58.4	8.647	178.4	26.414
8.0	42.	70.000	98.0	14.510	242.0	35.831
10.0	44.	73.333	118.5	17.545	278.5	41.235
12.0	46.	76.667	139.4	20.640	307.4	45.514
15.0	48.	80.000	165.0	24.430	345.0	51.081
17.0	50.	83.333	218.7	32.381	388.7	57.551
20.0	50.	83.333	218.7	32.381	418.7	61.993
30.0	54.	90.000	328.3	48.608	508.3	75.259
40.0	56.	93.333	395.1	58.499	555.1	82.188
50.0	56.	93.333	395.1	58.499	595.1	88.111
60.0	58.	96.667	519.2	76.873	639.2	94.640
70.0	60.	100.000	675.4	100.000	675.4	100.000
80.0	60.	100.000	675.4	100.000	675.4	100.000
90.0	60.	100.000	675.4	100.000	675.4	100.000
100.0	60.	100.000	675.4	100.000	675.4	100.000
150.0	60.	100.000	675.4	100.000	675.4	100.000
200.0	60.	100.000	675.4	100.000	675.4	100.000
250.0	60.	100.000	675.4	100.000	675.4	100.000
300.0	60.	100.000	675.4	100.000	675.4	100.000
350.0	60.	100.000	675.4	100.000	675.4	100.000
400.0	60.	100.000	675.4	100.000	675.4	100.000
450.0	60.	100.000	675.4	100.000	675.4	100.000
500.0	60.	100.000	675.4	100.000	675.4	100.000
550.0	60.	100.000	675.4	100.000	675.4	100.000
600.0	60.	100.000	675.4	100.000	675.4	100.000
700.0	60.	100.000	675.4	100.000	675.4	100.000
800.0	60.	100.000	675.4	100.000	675.4	100.000
900.0	60.	100.000	675.4	100.000	675.4	100.000
1000.0	60.	100.000	675.4	100.000	675.4	100.000
1250.0	60.	100.000	675.4	100.000	675.4	100.000
1500.0	60.	100.000	675.4	100.000	675.4	100.000
1750.0	60.	100.000	675.4	100.000	675.4	100.000
2000.0	60.	100.000	675.4	100.000	675.4	100.000
99999.9	60.	100.000	675.4	100.000	675.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG2
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	2.	16.667	0.0	0.000	0.0	0.000
0.5	2.	16.667	-0.2	-0.035	4.8	0.840
1.0	2.	16.667	-1.3	-0.227	8.7	1.522
1.1	3.	25.000	-0.2	-0.035	9.8	1.714
1.2	3.	25.000	-0.2	-0.035	10.8	1.889
1.3	3.	25.000	-0.2	-0.035	11.8	2.064
1.4	3.	25.000	-0.2	-0.035	12.8	2.239
1.5	4.	33.333	1.3	0.227	13.3	2.327
2.0	4.	33.333	4.4	0.770	20.4	3.569
3.0	4.	33.333	4.4	0.770	28.4	4.969
4.0	4.	33.333	4.4	0.770	36.4	6.368
5.0	4.	33.333	4.4	0.770	44.4	7.768
8.0	5.	41.667	19.4	3.394	75.4	13.191
10.0	5.	41.667	19.4	3.394	89.4	15.640
12.0	5.	41.667	19.4	3.394	103.4	18.090
15.0	6.	50.000	50.5	8.835	140.5	24.580
17.0	7.	58.333	84.1	14.713	169.1	29.584
20.0	7.	58.333	84.1	14.713	184.1	32.208
30.0	7.	58.333	84.1	14.713	234.1	40.955
40.0	9.	75.000	230.7	40.360	350.7	61.354
50.0	9.	75.000	230.7	40.360	380.7	66.603
60.0	12.	100.000	571.6	100.000	571.6	100.000
70.0	12.	100.000	571.6	100.000	571.6	100.000
80.0	12.	100.000	571.6	100.000	571.6	100.000
90.0	12.	100.000	571.6	100.000	571.6	100.000
100.0	12.	100.000	571.6	100.000	571.6	100.000
150.0	12.	100.000	571.6	100.000	571.6	100.000
200.0	12.	100.000	571.6	100.000	571.6	100.000
250.0	12.	100.000	571.6	100.000	571.6	100.000
300.0	12.	100.000	571.6	100.000	571.6	100.000
350.0	12.	100.000	571.6	100.000	571.6	100.000
400.0	12.	100.000	571.6	100.000	571.6	100.000
450.0	12.	100.000	571.6	100.000	571.6	100.000
500.0	12.	100.000	571.6	100.000	571.6	100.000
550.0	12.	100.000	571.6	100.000	571.6	100.000
600.0	12.	100.000	571.6	100.000	571.6	100.000
700.0	12.	100.000	571.6	100.000	571.6	100.000
800.0	12.	100.000	571.6	100.000	571.6	100.000
900.0	12.	100.000	571.6	100.000	571.6	100.000
1000.0	12.	100.000	571.6	100.000	571.6	100.000
1250.0	12.	100.000	571.6	100.000	571.6	100.000
1500.0	12.	100.000	571.6	100.000	571.6	100.000
1750.0	12.	100.000	571.6	100.000	571.6	100.000
2000.0	12.	100.000	571.6	100.000	571.6	100.000
99999.9	12.	100.000	571.6	100.000	571.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG2
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	1.	8.333	-0.8	-0.085	5.2	0.551
1.0	1.	8.333	-2.2	-0.233	8.8	0.933
1.1	1.	8.333	-2.2	-0.233	9.8	1.039
1.2	1.	8.333	-2.2	-0.233	10.8	1.145
1.3	1.	8.333	-2.2	-0.233	11.8	1.251
1.4	1.	8.333	-2.2	-0.233	12.8	1.357
1.5	1.	8.333	-2.2	-0.233	14.8	1.569
2.0	1.	8.333	-1.1	-0.117	20.9	2.216
3.0	4.	33.333	57.0	6.045	81.0	8.590
4.0	5.	41.667	79.2	8.399	107.2	11.368
5.0	5.	41.667	79.2	8.399	114.2	12.110
8.0	5.	41.667	79.2	8.399	135.2	14.337
10.0	6.	50.000	136.1	14.433	196.1	20.795
12.0	7.	58.333	210.3	22.301	270.3	28.664
15.0	8.	66.667	310.0	32.874	370.0	39.236
17.0	8.	66.667	310.0	32.874	378.0	40.085
20.0	9.	75.000	431.4	45.748	491.4	52.110
30.0	12.	100.000	943.0	100.000	943.0	100.000
40.0	12.	100.000	943.0	100.000	943.0	100.000
50.0	12.	100.000	943.0	100.000	943.0	100.000
60.0	12.	100.000	943.0	100.000	943.0	100.000
70.0	12.	100.000	943.0	100.000	943.0	100.000
80.0	12.	100.000	943.0	100.000	943.0	100.000
90.0	12.	100.000	943.0	100.000	943.0	100.000
100.0	12.	100.000	943.0	100.000	943.0	100.000
150.0	12.	100.000	943.0	100.000	943.0	100.000
200.0	12.	100.000	943.0	100.000	943.0	100.000
250.0	12.	100.000	943.0	100.000	943.0	100.000
300.0	12.	100.000	943.0	100.000	943.0	100.000
350.0	12.	100.000	943.0	100.000	943.0	100.000
400.0	12.	100.000	943.0	100.000	943.0	100.000
450.0	12.	100.000	943.0	100.000	943.0	100.000
500.0	12.	100.000	943.0	100.000	943.0	100.000
550.0	12.	100.000	943.0	100.000	943.0	100.000
600.0	12.	100.000	943.0	100.000	943.0	100.000
700.0	12.	100.000	943.0	100.000	943.0	100.000
800.0	12.	100.000	943.0	100.000	943.0	100.000
900.0	12.	100.000	943.0	100.000	943.0	100.000
1000.0	12.	100.000	943.0	100.000	943.0	100.000
1250.0	12.	100.000	943.0	100.000	943.0	100.000
1500.0	12.	100.000	943.0	100.000	943.0	100.000
1750.0	12.	100.000	943.0	100.000	943.0	100.000
2000.0	12.	100.000	943.0	100.000	943.0	100.000
99999.9	12.	100.000	943.0	100.000	943.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG3
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	0.0	0.000	6.0	1.223
1.0	0.	0.000	-1.2	-0.245	10.8	2.202
1.1	0.	0.000	-1.2	-0.245	11.8	2.406
1.2	0.	0.000	-1.2	-0.245	12.8	2.610
1.3	0.	0.000	-1.2	-0.245	14.8	3.018
1.4	0.	0.000	-1.2	-0.245	15.8	3.222
1.5	0.	0.000	-1.2	-0.245	16.8	3.426
2.0	0.	0.000	-1.2	-0.245	22.8	4.649
3.0	0.	0.000	-1.2	-0.245	34.8	7.096
4.0	3.	25.000	22.8	4.649	58.8	11.990
5.0	4.	33.333	32.0	6.525	72.0	14.682
8.0	4.	33.333	32.0	6.525	96.0	19.576
10.0	4.	33.333	32.0	6.525	112.0	22.838
12.0	4.	33.333	32.0	6.525	128.0	26.101
15.0	5.	41.667	60.2	12.276	165.2	33.687
17.0	6.	50.000	94.0	19.168	196.0	39.967
20.0	6.	50.000	94.0	19.168	214.0	43.638
30.0	10.	83.333	319.3	65.110	379.3	77.345
40.0	11.	91.667	402.2	82.015	442.2	90.171
50.0	12.	100.000	490.4	100.000	490.4	100.000
60.0	12.	100.000	490.4	100.000	490.4	100.000
70.0	12.	100.000	490.4	100.000	490.4	100.000
80.0	12.	100.000	490.4	100.000	490.4	100.000
90.0	12.	100.000	490.4	100.000	490.4	100.000
100.0	12.	100.000	490.4	100.000	490.4	100.000
150.0	12.	100.000	490.4	100.000	490.4	100.000
200.0	12.	100.000	490.4	100.000	490.4	100.000
250.0	12.	100.000	490.4	100.000	490.4	100.000
300.0	12.	100.000	490.4	100.000	490.4	100.000
350.0	12.	100.000	490.4	100.000	490.4	100.000
400.0	12.	100.000	490.4	100.000	490.4	100.000
450.0	12.	100.000	490.4	100.000	490.4	100.000
500.0	12.	100.000	490.4	100.000	490.4	100.000
550.0	12.	100.000	490.4	100.000	490.4	100.000
600.0	12.	100.000	490.4	100.000	490.4	100.000
700.0	12.	100.000	490.4	100.000	490.4	100.000
800.0	12.	100.000	490.4	100.000	490.4	100.000
900.0	12.	100.000	490.4	100.000	490.4	100.000
1000.0	12.	100.000	490.4	100.000	490.4	100.000
1250.0	12.	100.000	490.4	100.000	490.4	100.000
1500.0	12.	100.000	490.4	100.000	490.4	100.000
1750.0	12.	100.000	490.4	100.000	490.4	100.000
2000.0	12.	100.000	490.4	100.000	490.4	100.000
99999.9	12.	100.000	490.4	100.000	490.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED TARIFF

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE LG4
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
0.5	0.	0.000	-0.3	-0.109	5.7	2.072
1.0	0.	0.000	-1.5	-0.545	10.5	3.817
1.1	0.	0.000	-1.5	-0.545	11.5	4.180
1.2	0.	0.000	-1.5	-0.545	12.5	4.544
1.3	0.	0.000	-1.5	-0.545	14.5	5.271
1.4	0.	0.000	-1.5	-0.545	15.5	5.634
1.5	0.	0.000	-1.5	-0.545	16.5	5.998
2.0	3.	25.000	9.5	3.453	27.5	9.996
3.0	4.	33.333	15.0	5.453	39.0	14.177
4.0	5.	41.667	23.0	8.361	51.0	18.539
5.0	6.	50.000	32.5	11.814	62.5	22.719
8.0	6.	50.000	32.5	11.814	80.5	29.262
10.0	7.	58.333	53.3	19.375	103.3	37.550
12.0	7.	58.333	53.3	19.375	113.3	41.185
15.0	7.	58.333	53.3	19.375	128.3	46.638
17.0	8.	66.667	85.1	30.934	153.1	55.652
20.0	8.	66.667	85.1	30.934	165.1	60.015
30.0	12.	100.000	275.1	100.000	275.1	100.000
40.0	12.	100.000	275.1	100.000	275.1	100.000
50.0	12.	100.000	275.1	100.000	275.1	100.000
60.0	12.	100.000	275.1	100.000	275.1	100.000
70.0	12.	100.000	275.1	100.000	275.1	100.000
80.0	12.	100.000	275.1	100.000	275.1	100.000
90.0	12.	100.000	275.1	100.000	275.1	100.000
100.0	12.	100.000	275.1	100.000	275.1	100.000
150.0	12.	100.000	275.1	100.000	275.1	100.000
200.0	12.	100.000	275.1	100.000	275.1	100.000
250.0	12.	100.000	275.1	100.000	275.1	100.000
300.0	12.	100.000	275.1	100.000	275.1	100.000
350.0	12.	100.000	275.1	100.000	275.1	100.000
400.0	12.	100.000	275.1	100.000	275.1	100.000
450.0	12.	100.000	275.1	100.000	275.1	100.000
500.0	12.	100.000	275.1	100.000	275.1	100.000
550.0	12.	100.000	275.1	100.000	275.1	100.000
600.0	12.	100.000	275.1	100.000	275.1	100.000
700.0	12.	100.000	275.1	100.000	275.1	100.000
800.0	12.	100.000	275.1	100.000	275.1	100.000
900.0	12.	100.000	275.1	100.000	275.1	100.000
1000.0	12.	100.000	275.1	100.000	275.1	100.000
1250.0	12.	100.000	275.1	100.000	275.1	100.000
1500.0	12.	100.000	275.1	100.000	275.1	100.000
1750.0	12.	100.000	275.1	100.000	275.1	100.000
2000.0	12.	100.000	275.1	100.000	275.1	100.000
99999.9	12.	100.000	275.1	100.000	275.1	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED GTS

COMMERCIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTO
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	8009.	18.936	0.0	0.000	0.0	0.000
0.5	11742.	27.762	1040.8	0.075	16317.8	1.173
1.0	14546.	34.392	3248.9	0.233	30997.9	2.228
1.1	14979.	35.416	3725.2	0.268	33773.2	2.427
1.2	15396.	36.401	4225.6	0.304	36504.6	2.623
1.3	15782.	37.314	4727.4	0.340	39194.4	2.817
1.4	16134.	38.146	5220.2	0.375	41845.2	3.007
1.5	16484.	38.974	5745.2	0.413	44462.2	3.195
2.0	18033.	42.636	8410.5	0.604	56934.5	4.092
3.0	20311.	48.022	14110.0	1.014	80062.0	5.754
4.0	22006.	52.030	19971.7	1.435	101127.7	7.267
5.0	23396.	55.316	26253.9	1.887	120748.9	8.678
8.0	26319.	62.227	44728.6	3.214	172536.6	12.399
10.0	27768.	65.653	57661.7	4.144	202931.7	14.583
12.0	28943.	68.431	70255.2	5.049	230479.2	16.563
15.0	30319.	71.685	88553.8	6.364	268193.8	19.273
17.0	31037.	73.382	100261.3	7.205	291647.3	20.959
20.0	32027.	75.723	118226.5	8.496	323586.5	23.254
30.0	34417.	81.374	176309.4	12.670	412649.4	29.655
40.0	35871.	84.811	225428.6	16.200	482388.6	34.666
50.0	36932.	87.320	272871.2	19.610	541021.2	38.880
60.0	37702.	89.141	314208.5	22.580	589788.5	42.385
70.0	38293.	90.538	352529.7	25.334	632669.7	45.466
80.0	38729.	91.569	385230.4	27.684	670510.4	48.186
90.0	39133.	92.524	418870.8	30.102	703450.8	50.553
100.0	39409.	93.176	445054.0	31.983	733654.0	52.723
150.0	40471.	95.687	572454.0	41.139	846054.0	60.801
200.0	40993.	96.922	660538.7	47.469	920938.7	66.182
250.0	41321.	97.697	733195.9	52.690	976695.9	70.189
300.0	41536.	98.205	791131.2	56.854	1018831.2	73.217
350.0	41670.	98.522	835016.1	60.008	1053766.1	75.728
400.0	41780.	98.782	876380.1	62.980	1082380.1	77.784
450.0	41861.	98.974	910212.2	65.412	1105512.2	79.447
500.0	41911.	99.092	934092.4	67.128	1126092.4	80.926
550.0	41975.	99.243	966597.0	69.464	1142597.0	82.112
600.0	42021.	99.352	993317.8	71.384	1157717.8	83.198
700.0	42078.	99.487	1030094.9	74.027	1181994.9	84.943
800.0	42120.	99.586	1061527.7	76.286	1201527.7	86.347
900.0	42152.	99.662	1088710.5	78.239	1217410.5	87.488
1000.0	42172.	99.709	1107680.1	79.602	1230680.1	88.442
1250.0	42211.	99.801	1150921.4	82.710	1255921.4	90.256
1500.0	42233.	99.853	1180880.0	84.863	1273880.0	91.546
1750.0	42249.	99.891	1206889.1	86.732	1287389.1	92.517
2000.0	42257.	99.910	1221575.3	87.787	1297575.3	93.249
99999.9	42295.	100.000	1391516.5	100.000	1391516.5	100.000

COLUMBIA GAS OF KENTUCKY, INC.

DIS BILLED GTS

RESIDENTIAL BILL FREQUENCY ANALYSIS

FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTR
DATA: 12 MONTHS ACTUAL 0 MONTHS PROJECTED - ACTUAL NORMALIZED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	33831.	10.462	0.0	0.000	0.0	0.000
0.5	82215.	25.423	15037.1	0.719	135621.1	6.484
1.0	116052.	35.887	40866.5	1.954	248197.5	11.866
1.1	121561.	37.590	46926.4	2.243	268930.4	12.857
1.2	126641.	39.161	53022.4	2.535	289112.4	13.822
1.3	131589.	40.691	59454.8	2.842	308786.8	14.762
1.4	136574.	42.233	66433.8	3.176	327966.8	15.679
1.5	141347.	43.709	73593.3	3.518	346647.3	16.572
2.0	162388.	50.215	110225.8	5.270	432215.8	20.663
3.0	194746.	60.221	190952.8	9.129	576863.8	27.579
4.0	215779.	66.726	263287.3	12.587	693703.3	33.164
5.0	229763.	71.050	325038.6	15.539	793138.6	37.918
8.0	253622.	78.428	476542.3	22.782	1034630.3	49.463
10.0	263798.	81.574	565846.5	27.052	1161696.5	55.538
12.0	271750.	84.033	651105.9	31.128	1270701.9	60.749
15.0	281269.	86.977	777677.4	37.179	1409387.4	67.380
17.0	285648.	88.331	848384.5	40.559	1489879.5	71.228
20.0	292151.	90.342	966365.3	46.200	1591005.3	76.062
30.0	308235.	95.316	1354539.9	64.757	1808979.9	86.483
40.0	315884.	97.681	1611086.4	77.022	1911046.4	91.363
50.0	319660.	98.849	1774883.4	84.853	1961033.4	93.753
60.0	321427.	99.395	1866562.8	89.236	1983922.8	94.847
70.0	322199.	99.634	1917259.1	91.660	2000139.1	95.622
80.0	322674.	99.781	1953240.1	93.380	2009960.1	96.092
90.0	322899.	99.850	1972007.6	94.277	2015567.6	96.360
100.0	322946.	99.865	1976344.2	94.485	2020044.2	96.574
150.0	323190.	99.940	2003912.7	95.803	2032862.7	97.187
200.0	323243.	99.957	2012669.5	96.221	2040669.5	97.560
250.0	323276.	99.967	2019649.1	96.555	2046399.1	97.834
300.0	323301.	99.975	2026125.4	96.864	2050725.4	98.041
350.0	323309.	99.977	2028711.8	96.988	2054611.8	98.226
400.0	323321.	99.981	2033132.4	97.199	2057932.4	98.385
450.0	323326.	99.982	2035234.7	97.300	2060884.7	98.526
500.0	323331.	99.984	2037599.4	97.413	2063599.4	98.656
550.0	323339.	99.986	2041738.4	97.611	2065938.4	98.768
600.0	323341.	99.987	2042900.3	97.666	2068100.3	98.871
700.0	323348.	99.989	2047382.2	97.881	2071882.2	99.052
800.0	323354.	99.991	2051880.9	98.096	2075080.9	99.205
900.0	323359.	99.993	2056147.0	98.300	2077747.0	99.332
1000.0	323361.	99.993	2058046.8	98.391	2080046.8	99.442
1250.0	323368.	99.995	2065750.1	98.759	2084500.1	99.655
1500.0	323372.	99.997	2071124.0	99.016	2087624.0	99.805
1750.0	323378.	99.998	2080920.6	99.484	2089670.6	99.902
2000.0	323380.	99.999	2084766.3	99.668	2090766.3	99.955
99999.9	323383.	100.000	2091711.7	100.000	2091711.7	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	55.	7.902	0.0	0.000	0.0	0.000
1.0	56.	8.046	1.0	0.000	641.0	0.166
25.0	129.	18.534	721.7	0.187	14896.7	3.859
50.0	161.	23.132	1847.3	0.479	28597.3	7.408
400.0	444.	63.793	58240.1	15.086	159040.1	41.196
1000.0	606.	87.069	164510.3	42.613	254510.3	65.925
2000.0	665.	95.546	243778.4	63.146	305778.4	79.205
2500.0	673.	96.695	261700.5	67.788	319200.5	82.682
3000.0	678.	97.414	275315.9	71.315	329315.9	85.302
4000.0	684.	98.276	295426.5	76.524	343426.5	88.957
5000.0	690.	99.138	323569.5	83.814	353569.5	91.585
6000.0	691.	99.282	329276.6	85.292	359276.6	93.063
7000.0	691.	99.282	329276.6	85.292	364276.6	94.358
8000.0	692.	99.425	337056.0	87.307	369056.0	95.596
9000.0	692.	99.425	337056.0	87.307	373056.0	96.632
10000.0	693.	99.569	346791.8	89.829	376791.8	97.600
11000.0	693.	99.569	346791.8	89.829	379791.8	98.377
12000.0	694.	99.713	358141.6	92.769	382141.6	98.986
13000.0	694.	99.713	358141.6	92.769	384141.6	99.504
14000.0	695.	99.856	372032.1	96.367	386032.1	99.993
15000.0	696.	100.000	386057.8	100.000	386057.8	100.000
16000.0	696.	100.000	386057.8	100.000	386057.8	100.000
17000.0	696.	100.000	386057.8	100.000	386057.8	100.000
18000.0	696.	100.000	386057.8	100.000	386057.8	100.000
19000.0	696.	100.000	386057.8	100.000	386057.8	100.000
20000.0	696.	100.000	386057.8	100.000	386057.8	100.000
25000.0	696.	100.000	386057.8	100.000	386057.8	100.000
30000.0	696.	100.000	386057.8	100.000	386057.8	100.000
35000.0	696.	100.000	386057.8	100.000	386057.8	100.000
40000.0	696.	100.000	386057.8	100.000	386057.8	100.000
45000.0	696.	100.000	386057.8	100.000	386057.8	100.000
50000.0	696.	100.000	386057.8	100.000	386057.8	100.000
60000.0	696.	100.000	386057.8	100.000	386057.8	100.000
70000.0	696.	100.000	386057.8	100.000	386057.8	100.000
80000.0	696.	100.000	386057.8	100.000	386057.8	100.000
90000.0	696.	100.000	386057.8	100.000	386057.8	100.000
100000.0	696.	100.000	386057.8	100.000	386057.8	100.000
120000.0	696.	100.000	386057.8	100.000	386057.8	100.000
150000.0	696.	100.000	386057.8	100.000	386057.8	100.000
200000.0	696.	100.000	386057.8	100.000	386057.8	100.000
241489.0	696.	100.000	386057.8	100.000	386057.8	100.000
300000.0	696.	100.000	386057.8	100.000	386057.8	100.000
500000.0	696.	100.000	386057.8	100.000	386057.8	100.000
1000000.0	696.	100.000	386057.8	100.000	386057.8	100.000
9999999.9	696.	100.000	386057.8	100.000	386057.8	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	97.	19.246	0.0	0.000	0.0	0.000
1.0	126.	25.000	15.2	0.011	393.2	0.272
25.0	214.	42.460	826.0	0.571	8076.0	5.582
50.0	246.	48.810	2071.8	1.432	14971.8	10.349
400.0	386.	76.587	31240.1	21.595	78440.1	54.221
1000.0	475.	94.246	88676.6	61.297	117676.6	81.343
2000.0	499.	99.008	123156.6	85.131	133156.6	92.044
2500.0	499.	99.008	123156.6	85.131	135656.6	93.772
3000.0	500.	99.206	125743.6	86.920	137743.6	95.215
4000.0	501.	99.405	129690.6	89.648	141690.6	97.943
5000.0	502.	99.603	134137.6	92.722	144137.6	99.634
6000.0	504.	100.000	144666.6	100.000	144666.6	100.000
7000.0	504.	100.000	144666.6	100.000	144666.6	100.000
8000.0	504.	100.000	144666.6	100.000	144666.6	100.000
9000.0	504.	100.000	144666.6	100.000	144666.6	100.000
10000.0	504.	100.000	144666.6	100.000	144666.6	100.000
11000.0	504.	100.000	144666.6	100.000	144666.6	100.000
12000.0	504.	100.000	144666.6	100.000	144666.6	100.000
13000.0	504.	100.000	144666.6	100.000	144666.6	100.000
14000.0	504.	100.000	144666.6	100.000	144666.6	100.000
15000.0	504.	100.000	144666.6	100.000	144666.6	100.000
16000.0	504.	100.000	144666.6	100.000	144666.6	100.000
17000.0	504.	100.000	144666.6	100.000	144666.6	100.000
18000.0	504.	100.000	144666.6	100.000	144666.6	100.000
19000.0	504.	100.000	144666.6	100.000	144666.6	100.000
20000.0	504.	100.000	144666.6	100.000	144666.6	100.000
25000.0	504.	100.000	144666.6	100.000	144666.6	100.000
30000.0	504.	100.000	144666.6	100.000	144666.6	100.000
35000.0	504.	100.000	144666.6	100.000	144666.6	100.000
40000.0	504.	100.000	144666.6	100.000	144666.6	100.000
45000.0	504.	100.000	144666.6	100.000	144666.6	100.000
50000.0	504.	100.000	144666.6	100.000	144666.6	100.000
60000.0	504.	100.000	144666.6	100.000	144666.6	100.000
70000.0	504.	100.000	144666.6	100.000	144666.6	100.000
80000.0	504.	100.000	144666.6	100.000	144666.6	100.000
90000.0	504.	100.000	144666.6	100.000	144666.6	100.000
100000.0	504.	100.000	144666.6	100.000	144666.6	100.000
120000.0	504.	100.000	144666.6	100.000	144666.6	100.000
150000.0	504.	100.000	144666.6	100.000	144666.6	100.000
200000.0	504.	100.000	144666.6	100.000	144666.6	100.000
241489.0	504.	100.000	144666.6	100.000	144666.6	100.000
300000.0	504.	100.000	144666.6	100.000	144666.6	100.000
500000.0	504.	100.000	144666.6	100.000	144666.6	100.000
1000000.0	504.	100.000	144666.6	100.000	144666.6	100.000
9999999.9	504.	100.000	144666.6	100.000	144666.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

ELEC GEN BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GSO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	10.	83.333	0.0	0.000	0.0	0.000
1.0	10.	83.333	0.0	0.000	2.0	0.021
25.0	11.	91.667	18.0	0.188	43.0	0.449
50.0	11.	91.667	18.0	0.188	68.0	0.710
400.0	11.	91.667	18.0	0.188	418.0	4.363
1000.0	11.	91.667	18.0	0.188	1018.0	10.626
2000.0	11.	91.667	18.0	0.188	2018.0	21.065
2500.0	11.	91.667	18.0	0.188	2518.0	26.284
3000.0	11.	91.667	18.0	0.188	3018.0	31.503
4000.0	11.	91.667	18.0	0.188	4018.0	41.942
5000.0	11.	91.667	18.0	0.188	5018.0	52.380
6000.0	11.	91.667	18.0	0.188	6018.0	62.818
7000.0	11.	91.667	18.0	0.188	7018.0	73.257
8000.0	11.	91.667	18.0	0.188	8018.0	83.695
9000.0	11.	91.667	18.0	0.188	9018.0	94.134
10000.0	12.	100.000	9580.0	100.000	9580.0	100.000
11000.0	12.	100.000	9580.0	100.000	9580.0	100.000
12000.0	12.	100.000	9580.0	100.000	9580.0	100.000
13000.0	12.	100.000	9580.0	100.000	9580.0	100.000
14000.0	12.	100.000	9580.0	100.000	9580.0	100.000
15000.0	12.	100.000	9580.0	100.000	9580.0	100.000
16000.0	12.	100.000	9580.0	100.000	9580.0	100.000
17000.0	12.	100.000	9580.0	100.000	9580.0	100.000
18000.0	12.	100.000	9580.0	100.000	9580.0	100.000
19000.0	12.	100.000	9580.0	100.000	9580.0	100.000
20000.0	12.	100.000	9580.0	100.000	9580.0	100.000
25000.0	12.	100.000	9580.0	100.000	9580.0	100.000
30000.0	12.	100.000	9580.0	100.000	9580.0	100.000
35000.0	12.	100.000	9580.0	100.000	9580.0	100.000
40000.0	12.	100.000	9580.0	100.000	9580.0	100.000
45000.0	12.	100.000	9580.0	100.000	9580.0	100.000
50000.0	12.	100.000	9580.0	100.000	9580.0	100.000
60000.0	12.	100.000	9580.0	100.000	9580.0	100.000
70000.0	12.	100.000	9580.0	100.000	9580.0	100.000
80000.0	12.	100.000	9580.0	100.000	9580.0	100.000
90000.0	12.	100.000	9580.0	100.000	9580.0	100.000
100000.0	12.	100.000	9580.0	100.000	9580.0	100.000
120000.0	12.	100.000	9580.0	100.000	9580.0	100.000
150000.0	12.	100.000	9580.0	100.000	9580.0	100.000
200000.0	12.	100.000	9580.0	100.000	9580.0	100.000
241489.0	12.	100.000	9580.0	100.000	9580.0	100.000
300000.0	12.	100.000	9580.0	100.000	9580.0	100.000
500000.0	12.	100.000	9580.0	100.000	9580.0	100.000
1000000.0	12.	100.000	9580.0	100.000	9580.0	100.000
9999999.9	12.	100.000	9580.0	100.000	9580.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GST
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	205.	94.907	0.0	0.000	0.0	0.000
1.0	205.	94.907	0.0	0.000	11.0	0.324
25.0	205.	94.907	0.0	0.000	275.0	8.090
50.0	206.	95.370	45.7	1.344	545.7	16.054
400.0	213.	98.611	1550.9	45.625	2750.9	80.928
1000.0	216.	100.000	3399.2	100.000	3399.2	100.000
2000.0	216.	100.000	3399.2	100.000	3399.2	100.000
2500.0	216.	100.000	3399.2	100.000	3399.2	100.000
3000.0	216.	100.000	3399.2	100.000	3399.2	100.000
4000.0	216.	100.000	3399.2	100.000	3399.2	100.000
5000.0	216.	100.000	3399.2	100.000	3399.2	100.000
6000.0	216.	100.000	3399.2	100.000	3399.2	100.000
7000.0	216.	100.000	3399.2	100.000	3399.2	100.000
8000.0	216.	100.000	3399.2	100.000	3399.2	100.000
9000.0	216.	100.000	3399.2	100.000	3399.2	100.000
10000.0	216.	100.000	3399.2	100.000	3399.2	100.000
11000.0	216.	100.000	3399.2	100.000	3399.2	100.000
12000.0	216.	100.000	3399.2	100.000	3399.2	100.000
13000.0	216.	100.000	3399.2	100.000	3399.2	100.000
14000.0	216.	100.000	3399.2	100.000	3399.2	100.000
15000.0	216.	100.000	3399.2	100.000	3399.2	100.000
16000.0	216.	100.000	3399.2	100.000	3399.2	100.000
17000.0	216.	100.000	3399.2	100.000	3399.2	100.000
18000.0	216.	100.000	3399.2	100.000	3399.2	100.000
19000.0	216.	100.000	3399.2	100.000	3399.2	100.000
20000.0	216.	100.000	3399.2	100.000	3399.2	100.000
25000.0	216.	100.000	3399.2	100.000	3399.2	100.000
30000.0	216.	100.000	3399.2	100.000	3399.2	100.000
35000.0	216.	100.000	3399.2	100.000	3399.2	100.000
40000.0	216.	100.000	3399.2	100.000	3399.2	100.000
45000.0	216.	100.000	3399.2	100.000	3399.2	100.000
50000.0	216.	100.000	3399.2	100.000	3399.2	100.000
60000.0	216.	100.000	3399.2	100.000	3399.2	100.000
70000.0	216.	100.000	3399.2	100.000	3399.2	100.000
80000.0	216.	100.000	3399.2	100.000	3399.2	100.000
90000.0	216.	100.000	3399.2	100.000	3399.2	100.000
100000.0	216.	100.000	3399.2	100.000	3399.2	100.000
120000.0	216.	100.000	3399.2	100.000	3399.2	100.000
150000.0	216.	100.000	3399.2	100.000	3399.2	100.000
200000.0	216.	100.000	3399.2	100.000	3399.2	100.000
241489.0	216.	100.000	3399.2	100.000	3399.2	100.000
300000.0	216.	100.000	3399.2	100.000	3399.2	100.000
500000.0	216.	100.000	3399.2	100.000	3399.2	100.000
1000000.0	216.	100.000	3399.2	100.000	3399.2	100.000
9999999.9	216.	100.000	3399.2	100.000	3399.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEULE GST
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	114.	95.000	0.0	0.000	0.0	0.000
1.0	114.	95.000	0.0	0.000	6.0	0.310
25.0	114.	95.000	0.0	0.000	150.0	7.756
50.0	114.	95.000	0.0	0.000	300.0	15.512
400.0	117.	97.500	445.0	23.009	1645.0	85.057
1000.0	120.	100.000	1934.0	100.000	1934.0	100.000
2000.0	120.	100.000	1934.0	100.000	1934.0	100.000
2500.0	120.	100.000	1934.0	100.000	1934.0	100.000
3000.0	120.	100.000	1934.0	100.000	1934.0	100.000
4000.0	120.	100.000	1934.0	100.000	1934.0	100.000
5000.0	120.	100.000	1934.0	100.000	1934.0	100.000
6000.0	120.	100.000	1934.0	100.000	1934.0	100.000
7000.0	120.	100.000	1934.0	100.000	1934.0	100.000
8000.0	120.	100.000	1934.0	100.000	1934.0	100.000
9000.0	120.	100.000	1934.0	100.000	1934.0	100.000
10000.0	120.	100.000	1934.0	100.000	1934.0	100.000
11000.0	120.	100.000	1934.0	100.000	1934.0	100.000
12000.0	120.	100.000	1934.0	100.000	1934.0	100.000
13000.0	120.	100.000	1934.0	100.000	1934.0	100.000
14000.0	120.	100.000	1934.0	100.000	1934.0	100.000
15000.0	120.	100.000	1934.0	100.000	1934.0	100.000
16000.0	120.	100.000	1934.0	100.000	1934.0	100.000
17000.0	120.	100.000	1934.0	100.000	1934.0	100.000
18000.0	120.	100.000	1934.0	100.000	1934.0	100.000
19000.0	120.	100.000	1934.0	100.000	1934.0	100.000
20000.0	120.	100.000	1934.0	100.000	1934.0	100.000
25000.0	120.	100.000	1934.0	100.000	1934.0	100.000
30000.0	120.	100.000	1934.0	100.000	1934.0	100.000
35000.0	120.	100.000	1934.0	100.000	1934.0	100.000
40000.0	120.	100.000	1934.0	100.000	1934.0	100.000
45000.0	120.	100.000	1934.0	100.000	1934.0	100.000
50000.0	120.	100.000	1934.0	100.000	1934.0	100.000
60000.0	120.	100.000	1934.0	100.000	1934.0	100.000
70000.0	120.	100.000	1934.0	100.000	1934.0	100.000
80000.0	120.	100.000	1934.0	100.000	1934.0	100.000
90000.0	120.	100.000	1934.0	100.000	1934.0	100.000
100000.0	120.	100.000	1934.0	100.000	1934.0	100.000
120000.0	120.	100.000	1934.0	100.000	1934.0	100.000
150000.0	120.	100.000	1934.0	100.000	1934.0	100.000
200000.0	120.	100.000	1934.0	100.000	1934.0	100.000
241489.0	120.	100.000	1934.0	100.000	1934.0	100.000
300000.0	120.	100.000	1934.0	100.000	1934.0	100.000
500000.0	120.	100.000	1934.0	100.000	1934.0	100.000
1000000.0	120.	100.000	1934.0	100.000	1934.0	100.000
9999999.9	120.	100.000	1934.0	100.000	1934.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHDULE IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	138.	95.833	0.0	0.000	0.0	0.000
1.0	138.	95.833	0.0	0.000	6.0	0.213
25.0	138.	95.833	0.0	0.000	150.0	5.333
50.0	138.	95.833	0.0	0.000	300.0	10.665
400.0	141.	97.917	639.8	22.745	1839.8	65.406
1000.0	144.	100.000	2812.9	100.000	2812.9	100.000
2000.0	144.	100.000	2812.9	100.000	2812.9	100.000
2500.0	144.	100.000	2812.9	100.000	2812.9	100.000
3000.0	144.	100.000	2812.9	100.000	2812.9	100.000
4000.0	144.	100.000	2812.9	100.000	2812.9	100.000
5000.0	144.	100.000	2812.9	100.000	2812.9	100.000
6000.0	144.	100.000	2812.9	100.000	2812.9	100.000
7000.0	144.	100.000	2812.9	100.000	2812.9	100.000
8000.0	144.	100.000	2812.9	100.000	2812.9	100.000
9000.0	144.	100.000	2812.9	100.000	2812.9	100.000
10000.0	144.	100.000	2812.9	100.000	2812.9	100.000
11000.0	144.	100.000	2812.9	100.000	2812.9	100.000
12000.0	144.	100.000	2812.9	100.000	2812.9	100.000
13000.0	144.	100.000	2812.9	100.000	2812.9	100.000
14000.0	144.	100.000	2812.9	100.000	2812.9	100.000
15000.0	144.	100.000	2812.9	100.000	2812.9	100.000
16000.0	144.	100.000	2812.9	100.000	2812.9	100.000
17000.0	144.	100.000	2812.9	100.000	2812.9	100.000
18000.0	144.	100.000	2812.9	100.000	2812.9	100.000
19000.0	144.	100.000	2812.9	100.000	2812.9	100.000
20000.0	144.	100.000	2812.9	100.000	2812.9	100.000
25000.0	144.	100.000	2812.9	100.000	2812.9	100.000
30000.0	144.	100.000	2812.9	100.000	2812.9	100.000
35000.0	144.	100.000	2812.9	100.000	2812.9	100.000
40000.0	144.	100.000	2812.9	100.000	2812.9	100.000
45000.0	144.	100.000	2812.9	100.000	2812.9	100.000
50000.0	144.	100.000	2812.9	100.000	2812.9	100.000
60000.0	144.	100.000	2812.9	100.000	2812.9	100.000
70000.0	144.	100.000	2812.9	100.000	2812.9	100.000
80000.0	144.	100.000	2812.9	100.000	2812.9	100.000
90000.0	144.	100.000	2812.9	100.000	2812.9	100.000
100000.0	144.	100.000	2812.9	100.000	2812.9	100.000
120000.0	144.	100.000	2812.9	100.000	2812.9	100.000
150000.0	144.	100.000	2812.9	100.000	2812.9	100.000
200000.0	144.	100.000	2812.9	100.000	2812.9	100.000
241489.0	144.	100.000	2812.9	100.000	2812.9	100.000
300000.0	144.	100.000	2812.9	100.000	2812.9	100.000
500000.0	144.	100.000	2812.9	100.000	2812.9	100.000
1000000.0	144.	100.000	2812.9	100.000	2812.9	100.000
9999999.9	144.	100.000	2812.9	100.000	2812.9	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	497.	94.129	0.0	0.000	0.0	0.000
1.0	497.	94.129	0.0	0.000	31.0	0.093
25.0	498.	94.318	5.0	0.015	755.0	2.275
50.0	498.	94.318	5.0	0.015	1505.0	4.535
400.0	508.	96.212	2199.0	6.626	10199.0	30.730
1000.0	519.	98.295	9174.0	27.642	18174.0	54.759
2000.0	521.	98.674	11345.0	34.183	25345.0	76.366
2500.0	522.	98.864	13490.0	40.646	28490.0	85.842
3000.0	526.	99.621	24704.0	74.434	30704.0	92.513
4000.0	527.	99.811	28471.0	85.784	32471.0	97.837
5000.0	528.	100.000	33189.0	100.000	33189.0	100.000
6000.0	528.	100.000	33189.0	100.000	33189.0	100.000
7000.0	528.	100.000	33189.0	100.000	33189.0	100.000
8000.0	528.	100.000	33189.0	100.000	33189.0	100.000
9000.0	528.	100.000	33189.0	100.000	33189.0	100.000
10000.0	528.	100.000	33189.0	100.000	33189.0	100.000
11000.0	528.	100.000	33189.0	100.000	33189.0	100.000
12000.0	528.	100.000	33189.0	100.000	33189.0	100.000
13000.0	528.	100.000	33189.0	100.000	33189.0	100.000
14000.0	528.	100.000	33189.0	100.000	33189.0	100.000
15000.0	528.	100.000	33189.0	100.000	33189.0	100.000
16000.0	528.	100.000	33189.0	100.000	33189.0	100.000
17000.0	528.	100.000	33189.0	100.000	33189.0	100.000
18000.0	528.	100.000	33189.0	100.000	33189.0	100.000
19000.0	528.	100.000	33189.0	100.000	33189.0	100.000
20000.0	528.	100.000	33189.0	100.000	33189.0	100.000
25000.0	528.	100.000	33189.0	100.000	33189.0	100.000
30000.0	528.	100.000	33189.0	100.000	33189.0	100.000
35000.0	528.	100.000	33189.0	100.000	33189.0	100.000
40000.0	528.	100.000	33189.0	100.000	33189.0	100.000
45000.0	528.	100.000	33189.0	100.000	33189.0	100.000
50000.0	528.	100.000	33189.0	100.000	33189.0	100.000
60000.0	528.	100.000	33189.0	100.000	33189.0	100.000
70000.0	528.	100.000	33189.0	100.000	33189.0	100.000
80000.0	528.	100.000	33189.0	100.000	33189.0	100.000
90000.0	528.	100.000	33189.0	100.000	33189.0	100.000
100000.0	528.	100.000	33189.0	100.000	33189.0	100.000
120000.0	528.	100.000	33189.0	100.000	33189.0	100.000
150000.0	528.	100.000	33189.0	100.000	33189.0	100.000
200000.0	528.	100.000	33189.0	100.000	33189.0	100.000
241489.0	528.	100.000	33189.0	100.000	33189.0	100.000
300000.0	528.	100.000	33189.0	100.000	33189.0	100.000
500000.0	528.	100.000	33189.0	100.000	33189.0	100.000
1000000.0	528.	100.000	33189.0	100.000	33189.0	100.000
9999999.9	528.	100.000	33189.0	100.000	33189.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

WHOLESALE BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE IUS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	4.	16.667	0.0	0.000	0.0	0.000
1.0	4.	16.667	0.0	0.000	20.0	0.091
25.0	4.	16.667	0.0	0.000	500.0	2.283
50.0	4.	16.667	0.0	0.000	1000.0	4.565
400.0	7.	29.167	1132.0	5.168	7932.0	36.213
1000.0	15.	62.500	6142.0	28.041	15142.0	69.129
2000.0	22.	91.667	16024.0	73.156	20024.0	91.417
2500.0	22.	91.667	16024.0	73.156	21024.0	95.982
3000.0	23.	95.833	18553.0	84.701	21553.0	98.398
4000.0	24.	100.000	21904.0	100.000	21904.0	100.000
5000.0	24.	100.000	21904.0	100.000	21904.0	100.000
6000.0	24.	100.000	21904.0	100.000	21904.0	100.000
7000.0	24.	100.000	21904.0	100.000	21904.0	100.000
8000.0	24.	100.000	21904.0	100.000	21904.0	100.000
9000.0	24.	100.000	21904.0	100.000	21904.0	100.000
10000.0	24.	100.000	21904.0	100.000	21904.0	100.000
11000.0	24.	100.000	21904.0	100.000	21904.0	100.000
12000.0	24.	100.000	21904.0	100.000	21904.0	100.000
13000.0	24.	100.000	21904.0	100.000	21904.0	100.000
14000.0	24.	100.000	21904.0	100.000	21904.0	100.000
15000.0	24.	100.000	21904.0	100.000	21904.0	100.000
16000.0	24.	100.000	21904.0	100.000	21904.0	100.000
17000.0	24.	100.000	21904.0	100.000	21904.0	100.000
18000.0	24.	100.000	21904.0	100.000	21904.0	100.000
19000.0	24.	100.000	21904.0	100.000	21904.0	100.000
20000.0	24.	100.000	21904.0	100.000	21904.0	100.000
25000.0	24.	100.000	21904.0	100.000	21904.0	100.000
30000.0	24.	100.000	21904.0	100.000	21904.0	100.000
35000.0	24.	100.000	21904.0	100.000	21904.0	100.000
40000.0	24.	100.000	21904.0	100.000	21904.0	100.000
45000.0	24.	100.000	21904.0	100.000	21904.0	100.000
50000.0	24.	100.000	21904.0	100.000	21904.0	100.000
60000.0	24.	100.000	21904.0	100.000	21904.0	100.000
70000.0	24.	100.000	21904.0	100.000	21904.0	100.000
80000.0	24.	100.000	21904.0	100.000	21904.0	100.000
90000.0	24.	100.000	21904.0	100.000	21904.0	100.000
100000.0	24.	100.000	21904.0	100.000	21904.0	100.000
120000.0	24.	100.000	21904.0	100.000	21904.0	100.000
150000.0	24.	100.000	21904.0	100.000	21904.0	100.000
200000.0	24.	100.000	21904.0	100.000	21904.0	100.000
241489.0	24.	100.000	21904.0	100.000	21904.0	100.000
300000.0	24.	100.000	21904.0	100.000	21904.0	100.000
500000.0	24.	100.000	21904.0	100.000	21904.0	100.000
1000000.0	24.	100.000	21904.0	100.000	21904.0	100.000
9999999.9	24.	100.000	21904.0	100.000	21904.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	203.	93.981	0.0	0.000	0.0	0.000
1.0	203.	93.981	0.0	0.000	13.0	0.184
25.0	204.	94.444	18.9	0.268	318.9	4.524
50.0	204.	94.444	18.9	0.268	618.9	8.779
400.0	209.	96.759	855.7	12.138	3655.7	51.857
1000.0	214.	99.074	4147.8	58.837	6147.8	87.208
2000.0	216.	100.000	7049.6	100.000	7049.6	100.000
2500.0	216.	100.000	7049.6	100.000	7049.6	100.000
3000.0	216.	100.000	7049.6	100.000	7049.6	100.000
4000.0	216.	100.000	7049.6	100.000	7049.6	100.000
5000.0	216.	100.000	7049.6	100.000	7049.6	100.000
6000.0	216.	100.000	7049.6	100.000	7049.6	100.000
7000.0	216.	100.000	7049.6	100.000	7049.6	100.000
8000.0	216.	100.000	7049.6	100.000	7049.6	100.000
9000.0	216.	100.000	7049.6	100.000	7049.6	100.000
10000.0	216.	100.000	7049.6	100.000	7049.6	100.000
11000.0	216.	100.000	7049.6	100.000	7049.6	100.000
12000.0	216.	100.000	7049.6	100.000	7049.6	100.000
13000.0	216.	100.000	7049.6	100.000	7049.6	100.000
14000.0	216.	100.000	7049.6	100.000	7049.6	100.000
15000.0	216.	100.000	7049.6	100.000	7049.6	100.000
16000.0	216.	100.000	7049.6	100.000	7049.6	100.000
17000.0	216.	100.000	7049.6	100.000	7049.6	100.000
18000.0	216.	100.000	7049.6	100.000	7049.6	100.000
19000.0	216.	100.000	7049.6	100.000	7049.6	100.000
20000.0	216.	100.000	7049.6	100.000	7049.6	100.000
25000.0	216.	100.000	7049.6	100.000	7049.6	100.000
30000.0	216.	100.000	7049.6	100.000	7049.6	100.000
35000.0	216.	100.000	7049.6	100.000	7049.6	100.000
40000.0	216.	100.000	7049.6	100.000	7049.6	100.000
45000.0	216.	100.000	7049.6	100.000	7049.6	100.000
50000.0	216.	100.000	7049.6	100.000	7049.6	100.000
60000.0	216.	100.000	7049.6	100.000	7049.6	100.000
70000.0	216.	100.000	7049.6	100.000	7049.6	100.000
80000.0	216.	100.000	7049.6	100.000	7049.6	100.000
90000.0	216.	100.000	7049.6	100.000	7049.6	100.000
100000.0	216.	100.000	7049.6	100.000	7049.6	100.000
120000.0	216.	100.000	7049.6	100.000	7049.6	100.000
150000.0	216.	100.000	7049.6	100.000	7049.6	100.000
200000.0	216.	100.000	7049.6	100.000	7049.6	100.000
241489.0	216.	100.000	7049.6	100.000	7049.6	100.000
300000.0	216.	100.000	7049.6	100.000	7049.6	100.000
500000.0	216.	100.000	7049.6	100.000	7049.6	100.000
1000000.0	216.	100.000	7049.6	100.000	7049.6	100.000
9999999.9	216.	100.000	7049.6	100.000	7049.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	147.	94.231	0.0	0.000	0.0	0.000
1.0	147.	94.231	0.0	0.000	9.0	0.040
25.0	147.	94.231	0.0	0.000	225.0	1.008
50.0	147.	94.231	0.0	0.000	450.0	2.015
400.0	149.	95.513	301.0	1.348	3101.0	13.887
1000.0	149.	95.513	301.0	1.348	7301.0	32.694
2000.0	149.	95.513	301.0	1.348	14301.0	64.041
2500.0	150.	96.154	2678.0	11.992	17678.0	79.163
3000.0	153.	98.077	10996.0	49.241	19996.0	89.544
4000.0	156.	100.000	22331.0	100.000	22331.0	100.000
5000.0	156.	100.000	22331.0	100.000	22331.0	100.000
6000.0	156.	100.000	22331.0	100.000	22331.0	100.000
7000.0	156.	100.000	22331.0	100.000	22331.0	100.000
8000.0	156.	100.000	22331.0	100.000	22331.0	100.000
9000.0	156.	100.000	22331.0	100.000	22331.0	100.000
10000.0	156.	100.000	22331.0	100.000	22331.0	100.000
11000.0	156.	100.000	22331.0	100.000	22331.0	100.000
12000.0	156.	100.000	22331.0	100.000	22331.0	100.000
13000.0	156.	100.000	22331.0	100.000	22331.0	100.000
14000.0	156.	100.000	22331.0	100.000	22331.0	100.000
15000.0	156.	100.000	22331.0	100.000	22331.0	100.000
16000.0	156.	100.000	22331.0	100.000	22331.0	100.000
17000.0	156.	100.000	22331.0	100.000	22331.0	100.000
18000.0	156.	100.000	22331.0	100.000	22331.0	100.000
19000.0	156.	100.000	22331.0	100.000	22331.0	100.000
20000.0	156.	100.000	22331.0	100.000	22331.0	100.000
25000.0	156.	100.000	22331.0	100.000	22331.0	100.000
30000.0	156.	100.000	22331.0	100.000	22331.0	100.000
35000.0	156.	100.000	22331.0	100.000	22331.0	100.000
40000.0	156.	100.000	22331.0	100.000	22331.0	100.000
45000.0	156.	100.000	22331.0	100.000	22331.0	100.000
50000.0	156.	100.000	22331.0	100.000	22331.0	100.000
60000.0	156.	100.000	22331.0	100.000	22331.0	100.000
70000.0	156.	100.000	22331.0	100.000	22331.0	100.000
80000.0	156.	100.000	22331.0	100.000	22331.0	100.000
90000.0	156.	100.000	22331.0	100.000	22331.0	100.000
100000.0	156.	100.000	22331.0	100.000	22331.0	100.000
120000.0	156.	100.000	22331.0	100.000	22331.0	100.000
150000.0	156.	100.000	22331.0	100.000	22331.0	100.000
200000.0	156.	100.000	22331.0	100.000	22331.0	100.000
241489.0	156.	100.000	22331.0	100.000	22331.0	100.000
300000.0	156.	100.000	22331.0	100.000	22331.0	100.000
500000.0	156.	100.000	22331.0	100.000	22331.0	100.000
1000000.0	156.	100.000	22331.0	100.000	22331.0	100.000
9999999.9	156.	100.000	22331.0	100.000	22331.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	17.	4.570	0.0	0.000	0.0	0.000
1.0	18.	4.839	1.0	0.001	355.0	0.234
25.0	61.	16.398	562.7	0.371	8337.7	5.498
50.0	100.	26.882	2003.8	1.321	15603.8	10.290
400.0	244.	65.591	30396.5	20.045	81596.5	53.808
1000.0	327.	87.903	82048.6	54.107	127048.6	83.782
2000.0	366.	98.387	135733.0	89.509	147733.0	97.422
2500.0	370.	99.462	144933.7	95.576	149933.7	98.873
3000.0	371.	99.731	147674.7	97.384	150674.7	99.362
4000.0	372.	100.000	151642.4	100.000	151642.4	100.000
5000.0	372.	100.000	151642.4	100.000	151642.4	100.000
6000.0	372.	100.000	151642.4	100.000	151642.4	100.000
7000.0	372.	100.000	151642.4	100.000	151642.4	100.000
8000.0	372.	100.000	151642.4	100.000	151642.4	100.000
9000.0	372.	100.000	151642.4	100.000	151642.4	100.000
10000.0	372.	100.000	151642.4	100.000	151642.4	100.000
11000.0	372.	100.000	151642.4	100.000	151642.4	100.000
12000.0	372.	100.000	151642.4	100.000	151642.4	100.000
13000.0	372.	100.000	151642.4	100.000	151642.4	100.000
14000.0	372.	100.000	151642.4	100.000	151642.4	100.000
15000.0	372.	100.000	151642.4	100.000	151642.4	100.000
16000.0	372.	100.000	151642.4	100.000	151642.4	100.000
17000.0	372.	100.000	151642.4	100.000	151642.4	100.000
18000.0	372.	100.000	151642.4	100.000	151642.4	100.000
19000.0	372.	100.000	151642.4	100.000	151642.4	100.000
20000.0	372.	100.000	151642.4	100.000	151642.4	100.000
25000.0	372.	100.000	151642.4	100.000	151642.4	100.000
30000.0	372.	100.000	151642.4	100.000	151642.4	100.000
35000.0	372.	100.000	151642.4	100.000	151642.4	100.000
40000.0	372.	100.000	151642.4	100.000	151642.4	100.000
45000.0	372.	100.000	151642.4	100.000	151642.4	100.000
50000.0	372.	100.000	151642.4	100.000	151642.4	100.000
60000.0	372.	100.000	151642.4	100.000	151642.4	100.000
70000.0	372.	100.000	151642.4	100.000	151642.4	100.000
80000.0	372.	100.000	151642.4	100.000	151642.4	100.000
90000.0	372.	100.000	151642.4	100.000	151642.4	100.000
100000.0	372.	100.000	151642.4	100.000	151642.4	100.000
120000.0	372.	100.000	151642.4	100.000	151642.4	100.000
150000.0	372.	100.000	151642.4	100.000	151642.4	100.000
200000.0	372.	100.000	151642.4	100.000	151642.4	100.000
241489.0	372.	100.000	151642.4	100.000	151642.4	100.000
300000.0	372.	100.000	151642.4	100.000	151642.4	100.000
500000.0	372.	100.000	151642.4	100.000	151642.4	100.000
1000000.0	372.	100.000	151642.4	100.000	151642.4	100.000
9999999.9	372.	100.000	151642.4	100.000	151642.4	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE GTO
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	3.	2.778	0.0	0.000	0.0	0.000
1.0	8.	7.407	2.2	0.004	102.2	0.194
25.0	28.	25.926	248.1	0.472	2248.1	4.274
50.0	32.	29.630	396.2	0.753	4196.2	7.977
400.0	73.	67.593	9251.9	17.589	23251.9	44.204
1000.0	89.	82.407	21103.2	40.119	40103.2	76.239
2000.0	102.	94.444	38627.3	73.433	50627.3	96.246
2500.0	107.	99.074	49677.5	94.441	52177.5	99.193
3000.0	108.	100.000	52601.8	100.000	52601.8	100.000
4000.0	108.	100.000	52601.8	100.000	52601.8	100.000
5000.0	108.	100.000	52601.8	100.000	52601.8	100.000
6000.0	108.	100.000	52601.8	100.000	52601.8	100.000
7000.0	108.	100.000	52601.8	100.000	52601.8	100.000
8000.0	108.	100.000	52601.8	100.000	52601.8	100.000
9000.0	108.	100.000	52601.8	100.000	52601.8	100.000
10000.0	108.	100.000	52601.8	100.000	52601.8	100.000
11000.0	108.	100.000	52601.8	100.000	52601.8	100.000
12000.0	108.	100.000	52601.8	100.000	52601.8	100.000
13000.0	108.	100.000	52601.8	100.000	52601.8	100.000
14000.0	108.	100.000	52601.8	100.000	52601.8	100.000
15000.0	108.	100.000	52601.8	100.000	52601.8	100.000
16000.0	108.	100.000	52601.8	100.000	52601.8	100.000
17000.0	108.	100.000	52601.8	100.000	52601.8	100.000
18000.0	108.	100.000	52601.8	100.000	52601.8	100.000
19000.0	108.	100.000	52601.8	100.000	52601.8	100.000
20000.0	108.	100.000	52601.8	100.000	52601.8	100.000
25000.0	108.	100.000	52601.8	100.000	52601.8	100.000
30000.0	108.	100.000	52601.8	100.000	52601.8	100.000
35000.0	108.	100.000	52601.8	100.000	52601.8	100.000
40000.0	108.	100.000	52601.8	100.000	52601.8	100.000
45000.0	108.	100.000	52601.8	100.000	52601.8	100.000
50000.0	108.	100.000	52601.8	100.000	52601.8	100.000
60000.0	108.	100.000	52601.8	100.000	52601.8	100.000
70000.0	108.	100.000	52601.8	100.000	52601.8	100.000
80000.0	108.	100.000	52601.8	100.000	52601.8	100.000
90000.0	108.	100.000	52601.8	100.000	52601.8	100.000
100000.0	108.	100.000	52601.8	100.000	52601.8	100.000
120000.0	108.	100.000	52601.8	100.000	52601.8	100.000
150000.0	108.	100.000	52601.8	100.000	52601.8	100.000
200000.0	108.	100.000	52601.8	100.000	52601.8	100.000
241489.0	108.	100.000	52601.8	100.000	52601.8	100.000
300000.0	108.	100.000	52601.8	100.000	52601.8	100.000
500000.0	108.	100.000	52601.8	100.000	52601.8	100.000
1000000.0	108.	100.000	52601.8	100.000	52601.8	100.000
9999999.9	108.	100.000	52601.8	100.000	52601.8	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	72.0	0.090
25.0	0.	0.000	0.0	0.000	1800.0	2.260
50.0	0.	0.000	0.0	0.000	3600.0	4.521
400.0	1.	1.389	351.9	0.442	28751.9	36.105
1000.0	35.	48.611	23855.6	29.957	60855.6	76.419
2000.0	66.	91.667	65886.7	82.737	77886.7	97.806
2500.0	72.	100.000	79633.8	100.000	79633.8	100.000
3000.0	72.	100.000	79633.8	100.000	79633.8	100.000
4000.0	72.	100.000	79633.8	100.000	79633.8	100.000
5000.0	72.	100.000	79633.8	100.000	79633.8	100.000
6000.0	72.	100.000	79633.8	100.000	79633.8	100.000
7000.0	72.	100.000	79633.8	100.000	79633.8	100.000
8000.0	72.	100.000	79633.8	100.000	79633.8	100.000
9000.0	72.	100.000	79633.8	100.000	79633.8	100.000
10000.0	72.	100.000	79633.8	100.000	79633.8	100.000
11000.0	72.	100.000	79633.8	100.000	79633.8	100.000
12000.0	72.	100.000	79633.8	100.000	79633.8	100.000
13000.0	72.	100.000	79633.8	100.000	79633.8	100.000
14000.0	72.	100.000	79633.8	100.000	79633.8	100.000
15000.0	72.	100.000	79633.8	100.000	79633.8	100.000
16000.0	72.	100.000	79633.8	100.000	79633.8	100.000
17000.0	72.	100.000	79633.8	100.000	79633.8	100.000
18000.0	72.	100.000	79633.8	100.000	79633.8	100.000
19000.0	72.	100.000	79633.8	100.000	79633.8	100.000
20000.0	72.	100.000	79633.8	100.000	79633.8	100.000
25000.0	72.	100.000	79633.8	100.000	79633.8	100.000
30000.0	72.	100.000	79633.8	100.000	79633.8	100.000
35000.0	72.	100.000	79633.8	100.000	79633.8	100.000
40000.0	72.	100.000	79633.8	100.000	79633.8	100.000
45000.0	72.	100.000	79633.8	100.000	79633.8	100.000
50000.0	72.	100.000	79633.8	100.000	79633.8	100.000
60000.0	72.	100.000	79633.8	100.000	79633.8	100.000
70000.0	72.	100.000	79633.8	100.000	79633.8	100.000
80000.0	72.	100.000	79633.8	100.000	79633.8	100.000
90000.0	72.	100.000	79633.8	100.000	79633.8	100.000
100000.0	72.	100.000	79633.8	100.000	79633.8	100.000
120000.0	72.	100.000	79633.8	100.000	79633.8	100.000
150000.0	72.	100.000	79633.8	100.000	79633.8	100.000
200000.0	72.	100.000	79633.8	100.000	79633.8	100.000
241489.0	72.	100.000	79633.8	100.000	79633.8	100.000
300000.0	72.	100.000	79633.8	100.000	79633.8	100.000
500000.0	72.	100.000	79633.8	100.000	79633.8	100.000
1000000.0	72.	100.000	79633.8	100.000	79633.8	100.000
9999999.9	72.	100.000	79633.8	100.000	79633.8	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	1.	2.083	0.0	0.000	0.0	0.000
1.0	1.	2.083	0.0	0.000	47.0	0.120
25.0	6.	12.500	27.0	0.069	1077.0	2.750
50.0	9.	18.750	129.0	0.329	2079.0	5.309
400.0	15.	31.250	1135.0	2.898	14335.0	36.603
1000.0	33.	68.750	12888.0	32.909	27888.0	71.210
2000.0	45.	93.750	28979.0	73.996	34979.0	89.316
2500.0	46.	95.833	31081.0	79.363	36081.0	92.130
3000.0	46.	95.833	31081.0	79.363	37081.0	94.684
4000.0	47.	97.917	34862.0	89.018	38862.0	99.231
5000.0	48.	100.000	39163.0	100.000	39163.0	100.000
6000.0	48.	100.000	39163.0	100.000	39163.0	100.000
7000.0	48.	100.000	39163.0	100.000	39163.0	100.000
8000.0	48.	100.000	39163.0	100.000	39163.0	100.000
9000.0	48.	100.000	39163.0	100.000	39163.0	100.000
10000.0	48.	100.000	39163.0	100.000	39163.0	100.000
11000.0	48.	100.000	39163.0	100.000	39163.0	100.000
12000.0	48.	100.000	39163.0	100.000	39163.0	100.000
13000.0	48.	100.000	39163.0	100.000	39163.0	100.000
14000.0	48.	100.000	39163.0	100.000	39163.0	100.000
15000.0	48.	100.000	39163.0	100.000	39163.0	100.000
16000.0	48.	100.000	39163.0	100.000	39163.0	100.000
17000.0	48.	100.000	39163.0	100.000	39163.0	100.000
18000.0	48.	100.000	39163.0	100.000	39163.0	100.000
19000.0	48.	100.000	39163.0	100.000	39163.0	100.000
20000.0	48.	100.000	39163.0	100.000	39163.0	100.000
25000.0	48.	100.000	39163.0	100.000	39163.0	100.000
30000.0	48.	100.000	39163.0	100.000	39163.0	100.000
35000.0	48.	100.000	39163.0	100.000	39163.0	100.000
40000.0	48.	100.000	39163.0	100.000	39163.0	100.000
45000.0	48.	100.000	39163.0	100.000	39163.0	100.000
50000.0	48.	100.000	39163.0	100.000	39163.0	100.000
60000.0	48.	100.000	39163.0	100.000	39163.0	100.000
70000.0	48.	100.000	39163.0	100.000	39163.0	100.000
80000.0	48.	100.000	39163.0	100.000	39163.0	100.000
90000.0	48.	100.000	39163.0	100.000	39163.0	100.000
100000.0	48.	100.000	39163.0	100.000	39163.0	100.000
120000.0	48.	100.000	39163.0	100.000	39163.0	100.000
150000.0	48.	100.000	39163.0	100.000	39163.0	100.000
200000.0	48.	100.000	39163.0	100.000	39163.0	100.000
241489.0	48.	100.000	39163.0	100.000	39163.0	100.000
300000.0	48.	100.000	39163.0	100.000	39163.0	100.000
500000.0	48.	100.000	39163.0	100.000	39163.0	100.000
1000000.0	48.	100.000	39163.0	100.000	39163.0	100.000
9999999.9	48.	100.000	39163.0	100.000	39163.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	144.0	0.085
25.0	0.	0.000	0.0	0.000	3600.0	2.115
50.0	1.	0.694	42.0	0.025	7192.0	4.225
400.0	11.	7.639	1956.2	1.149	55156.2	32.406
1000.0	59.	40.972	37345.0	21.941	122345.0	71.880
2000.0	130.	90.278	135747.7	79.755	163747.7	96.205
2500.0	138.	95.833	153258.5	90.043	168258.5	98.856
3000.0	144.	100.000	170206.2	100.000	170206.2	100.000
4000.0	144.	100.000	170206.2	100.000	170206.2	100.000
5000.0	144.	100.000	170206.2	100.000	170206.2	100.000
6000.0	144.	100.000	170206.2	100.000	170206.2	100.000
7000.0	144.	100.000	170206.2	100.000	170206.2	100.000
8000.0	144.	100.000	170206.2	100.000	170206.2	100.000
9000.0	144.	100.000	170206.2	100.000	170206.2	100.000
10000.0	144.	100.000	170206.2	100.000	170206.2	100.000
11000.0	144.	100.000	170206.2	100.000	170206.2	100.000
12000.0	144.	100.000	170206.2	100.000	170206.2	100.000
13000.0	144.	100.000	170206.2	100.000	170206.2	100.000
14000.0	144.	100.000	170206.2	100.000	170206.2	100.000
15000.0	144.	100.000	170206.2	100.000	170206.2	100.000
16000.0	144.	100.000	170206.2	100.000	170206.2	100.000
17000.0	144.	100.000	170206.2	100.000	170206.2	100.000
18000.0	144.	100.000	170206.2	100.000	170206.2	100.000
19000.0	144.	100.000	170206.2	100.000	170206.2	100.000
20000.0	144.	100.000	170206.2	100.000	170206.2	100.000
25000.0	144.	100.000	170206.2	100.000	170206.2	100.000
30000.0	144.	100.000	170206.2	100.000	170206.2	100.000
35000.0	144.	100.000	170206.2	100.000	170206.2	100.000
40000.0	144.	100.000	170206.2	100.000	170206.2	100.000
45000.0	144.	100.000	170206.2	100.000	170206.2	100.000
50000.0	144.	100.000	170206.2	100.000	170206.2	100.000
60000.0	144.	100.000	170206.2	100.000	170206.2	100.000
70000.0	144.	100.000	170206.2	100.000	170206.2	100.000
80000.0	144.	100.000	170206.2	100.000	170206.2	100.000
90000.0	144.	100.000	170206.2	100.000	170206.2	100.000
100000.0	144.	100.000	170206.2	100.000	170206.2	100.000
120000.0	144.	100.000	170206.2	100.000	170206.2	100.000
150000.0	144.	100.000	170206.2	100.000	170206.2	100.000
200000.0	144.	100.000	170206.2	100.000	170206.2	100.000
241489.0	144.	100.000	170206.2	100.000	170206.2	100.000
300000.0	144.	100.000	170206.2	100.000	170206.2	100.000
500000.0	144.	100.000	170206.2	100.000	170206.2	100.000
1000000.0	144.	100.000	170206.2	100.000	170206.2	100.000
9999999.9	144.	100.000	170206.2	100.000	170206.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-GS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	60.0	0.076
25.0	0.	0.000	0.0	0.000	1500.0	1.897
50.0	1.	1.667	43.0	0.054	2993.0	3.784
400.0	12.	20.000	2172.0	2.746	21372.0	27.023
1000.0	23.	38.333	11205.0	14.168	48205.0	60.952
2000.0	47.	78.333	47892.0	60.556	73892.0	93.431
2500.0	54.	90.000	62922.0	79.560	77922.0	98.527
3000.0	60.	100.000	79087.0	100.000	79087.0	100.000
4000.0	60.	100.000	79087.0	100.000	79087.0	100.000
5000.0	60.	100.000	79087.0	100.000	79087.0	100.000
6000.0	60.	100.000	79087.0	100.000	79087.0	100.000
7000.0	60.	100.000	79087.0	100.000	79087.0	100.000
8000.0	60.	100.000	79087.0	100.000	79087.0	100.000
9000.0	60.	100.000	79087.0	100.000	79087.0	100.000
10000.0	60.	100.000	79087.0	100.000	79087.0	100.000
11000.0	60.	100.000	79087.0	100.000	79087.0	100.000
12000.0	60.	100.000	79087.0	100.000	79087.0	100.000
13000.0	60.	100.000	79087.0	100.000	79087.0	100.000
14000.0	60.	100.000	79087.0	100.000	79087.0	100.000
15000.0	60.	100.000	79087.0	100.000	79087.0	100.000
16000.0	60.	100.000	79087.0	100.000	79087.0	100.000
17000.0	60.	100.000	79087.0	100.000	79087.0	100.000
18000.0	60.	100.000	79087.0	100.000	79087.0	100.000
19000.0	60.	100.000	79087.0	100.000	79087.0	100.000
20000.0	60.	100.000	79087.0	100.000	79087.0	100.000
25000.0	60.	100.000	79087.0	100.000	79087.0	100.000
30000.0	60.	100.000	79087.0	100.000	79087.0	100.000
35000.0	60.	100.000	79087.0	100.000	79087.0	100.000
40000.0	60.	100.000	79087.0	100.000	79087.0	100.000
45000.0	60.	100.000	79087.0	100.000	79087.0	100.000
50000.0	60.	100.000	79087.0	100.000	79087.0	100.000
60000.0	60.	100.000	79087.0	100.000	79087.0	100.000
70000.0	60.	100.000	79087.0	100.000	79087.0	100.000
80000.0	60.	100.000	79087.0	100.000	79087.0	100.000
90000.0	60.	100.000	79087.0	100.000	79087.0	100.000
100000.0	60.	100.000	79087.0	100.000	79087.0	100.000
120000.0	60.	100.000	79087.0	100.000	79087.0	100.000
150000.0	60.	100.000	79087.0	100.000	79087.0	100.000
200000.0	60.	100.000	79087.0	100.000	79087.0	100.000
241489.0	60.	100.000	79087.0	100.000	79087.0	100.000
300000.0	60.	100.000	79087.0	100.000	79087.0	100.000
500000.0	60.	100.000	79087.0	100.000	79087.0	100.000
1000000.0	60.	100.000	79087.0	100.000	79087.0	100.000
9999999.9	60.	100.000	79087.0	100.000	79087.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	14.	8.974	0.0	0.000	0.0	0.000
1.0	14.	8.974	0.0	0.000	142.0	0.027
25.0	14.	8.974	0.0	0.000	3550.0	0.664
50.0	14.	8.974	0.0	0.000	7100.0	1.328
400.0	24.	15.385	1770.6	0.331	54570.6	10.211
1000.0	35.	22.436	8930.9	1.671	129930.9	24.312
2000.0	49.	31.410	29314.1	5.485	243314.1	45.527
2500.0	57.	36.538	47384.7	8.866	294884.7	55.176
3000.0	70.	44.872	83095.7	15.548	341095.7	63.823
4000.0	102.	65.385	195986.9	36.671	411986.9	77.088
5000.0	128.	82.051	311420.1	58.270	451420.1	84.466
6000.0	139.	89.103	372355.1	69.672	474355.1	88.757
7000.0	143.	91.667	398070.8	74.484	489070.8	91.511
8000.0	148.	94.872	434911.8	81.377	498911.8	93.352
9000.0	151.	96.795	460478.4	86.161	505478.4	94.581
10000.0	151.	96.795	460478.4	86.161	510478.4	95.517
11000.0	151.	96.795	460478.4	86.161	515478.4	96.452
12000.0	152.	97.436	471872.6	88.293	519872.6	97.274
13000.0	152.	97.436	471872.6	88.293	523872.6	98.023
14000.0	153.	98.077	485460.2	90.835	527460.2	98.694
15000.0	154.	98.718	499968.9	93.550	529968.9	99.163
16000.0	154.	98.718	499968.9	93.550	531968.9	99.538
17000.0	155.	99.359	516915.5	96.721	533915.5	99.902
18000.0	156.	100.000	534439.5	100.000	534439.5	100.000
19000.0	156.	100.000	534439.5	100.000	534439.5	100.000
20000.0	156.	100.000	534439.5	100.000	534439.5	100.000
25000.0	156.	100.000	534439.5	100.000	534439.5	100.000
30000.0	156.	100.000	534439.5	100.000	534439.5	100.000
35000.0	156.	100.000	534439.5	100.000	534439.5	100.000
40000.0	156.	100.000	534439.5	100.000	534439.5	100.000
45000.0	156.	100.000	534439.5	100.000	534439.5	100.000
50000.0	156.	100.000	534439.5	100.000	534439.5	100.000
60000.0	156.	100.000	534439.5	100.000	534439.5	100.000
70000.0	156.	100.000	534439.5	100.000	534439.5	100.000
80000.0	156.	100.000	534439.5	100.000	534439.5	100.000
90000.0	156.	100.000	534439.5	100.000	534439.5	100.000
100000.0	156.	100.000	534439.5	100.000	534439.5	100.000
120000.0	156.	100.000	534439.5	100.000	534439.5	100.000
150000.0	156.	100.000	534439.5	100.000	534439.5	100.000
200000.0	156.	100.000	534439.5	100.000	534439.5	100.000
241489.0	156.	100.000	534439.5	100.000	534439.5	100.000
300000.0	156.	100.000	534439.5	100.000	534439.5	100.000
500000.0	156.	100.000	534439.5	100.000	534439.5	100.000
1000000.0	156.	100.000	534439.5	100.000	534439.5	100.000
9999999.9	156.	100.000	534439.5	100.000	534439.5	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	14.	4.167	0.0	0.000	0.0	0.000
1.0	15.	4.464	1.0	0.000	322.0	0.005
25.0	18.	5.357	43.0	0.001	7993.0	0.127
50.0	18.	5.357	43.0	0.001	15943.0	0.254
400.0	27.	8.036	2049.0	0.033	125649.0	2.000
1000.0	37.	11.012	8521.0	0.136	307521.0	4.894
2000.0	59.	17.560	45047.0	0.717	599047.0	9.534
2500.0	78.	23.214	87341.0	1.390	732341.0	11.655
3000.0	95.	28.274	133633.0	2.127	856633.0	13.633
4000.0	126.	37.500	243306.0	3.872	1083306.0	17.241
5000.0	146.	43.452	332590.0	5.293	1282590.0	20.412
6000.0	161.	47.917	415203.0	6.608	1465203.0	23.318
7000.0	172.	51.190	486472.0	7.742	1634472.0	26.012
8000.0	186.	55.357	592092.0	9.423	1792092.0	28.521
9000.0	202.	60.119	726836.0	11.567	1932836.0	30.761
10000.0	213.	63.393	831863.0	13.239	2061863.0	32.814
11000.0	221.	65.774	916568.0	14.587	2181568.0	34.719
12000.0	228.	67.857	998157.0	15.885	2294157.0	36.511
13000.0	233.	69.345	1060415.0	16.876	2399415.0	38.186
14000.0	235.	69.940	1088086.0	17.317	2502086.0	39.820
15000.0	244.	72.619	1219961.0	19.415	2599961.0	41.378
16000.0	253.	75.298	1359282.0	21.633	2687282.0	42.767
17000.0	256.	76.190	1407913.0	22.407	2767913.0	44.051
18000.0	263.	78.274	1530157.0	24.352	2844157.0	45.264
19000.0	267.	79.464	1604025.0	25.528	2915025.0	46.392
20000.0	268.	79.762	1623877.0	25.844	2983877.0	47.488
25000.0	274.	81.548	1760290.0	28.015	3310290.0	52.682
30000.0	283.	84.226	1995287.0	31.754	3585287.0	57.059
35000.0	289.	86.012	2188606.0	34.831	3833606.0	61.011
40000.0	294.	87.500	2378585.0	37.855	4058585.0	64.591
45000.0	299.	88.988	2588576.0	41.196	4253576.0	67.694
50000.0	302.	89.881	2732681.0	43.490	4432681.0	70.545
60000.0	308.	91.667	3075144.0	48.940	4755144.0	75.677
70000.0	313.	93.155	3387022.0	53.904	4997022.0	79.526
80000.0	314.	93.452	3466588.0	55.170	5226588.0	83.180
90000.0	316.	94.048	3643581.0	57.987	5443581.0	86.633
100000.0	318.	94.643	3834158.0	61.020	5634158.0	89.666
120000.0	330.	98.214	5147709.0	81.924	5867709.0	93.383
150000.0	331.	98.512	5273277.0	83.923	6023277.0	95.859
200000.0	333.	99.107	5634788.0	89.676	6234788.0	99.225
241489.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
300000.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
500000.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
1000000.0	336.	100.000	6283491.0	100.000	6283491.0	100.000
9999999.9	336.	100.000	6283491.0	100.000	6283491.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	192.0	0.021
25.0	0.	0.000	0.0	0.000	4800.0	0.529
50.0	1.	0.521	46.0	0.005	9596.0	1.058
400.0	3.	1.562	540.0	0.060	76140.0	8.394
1000.0	10.	5.208	5576.5	0.615	187576.5	20.679
2000.0	50.	26.042	67852.4	7.480	351852.4	38.790
2500.0	70.	36.458	112681.9	12.423	417681.9	46.048
3000.0	83.	43.229	148906.9	16.416	475906.9	52.467
4000.0	105.	54.687	224700.4	24.772	572700.4	63.138
5000.0	125.	65.104	314362.2	34.657	649362.2	71.589
6000.0	139.	72.396	390252.8	43.024	708252.8	78.082
7000.0	152.	79.167	474242.5	52.283	754242.5	83.152
8000.0	161.	83.854	542498.4	59.808	790498.4	87.149
9000.0	165.	85.937	576122.4	63.515	819122.4	90.305
10000.0	170.	88.542	623355.2	68.722	843355.2	92.976
11000.0	175.	91.146	676949.3	74.631	863949.3	95.247
12000.0	178.	92.708	712081.1	78.504	880081.1	97.025
13000.0	182.	94.792	761025.0	83.900	891025.0	98.232
14000.0	187.	97.396	828762.9	91.368	898762.9	99.085
15000.0	189.	98.437	858024.8	94.594	903024.8	99.555
16000.0	190.	98.958	873386.5	96.287	905386.5	99.815
17000.0	191.	99.479	889844.2	98.101	906844.2	99.976
18000.0	192.	100.000	907065.2	100.000	907065.2	100.000
19000.0	192.	100.000	907065.2	100.000	907065.2	100.000
20000.0	192.	100.000	907065.2	100.000	907065.2	100.000
25000.0	192.	100.000	907065.2	100.000	907065.2	100.000
30000.0	192.	100.000	907065.2	100.000	907065.2	100.000
35000.0	192.	100.000	907065.2	100.000	907065.2	100.000
40000.0	192.	100.000	907065.2	100.000	907065.2	100.000
45000.0	192.	100.000	907065.2	100.000	907065.2	100.000
50000.0	192.	100.000	907065.2	100.000	907065.2	100.000
60000.0	192.	100.000	907065.2	100.000	907065.2	100.000
70000.0	192.	100.000	907065.2	100.000	907065.2	100.000
80000.0	192.	100.000	907065.2	100.000	907065.2	100.000
90000.0	192.	100.000	907065.2	100.000	907065.2	100.000
100000.0	192.	100.000	907065.2	100.000	907065.2	100.000
120000.0	192.	100.000	907065.2	100.000	907065.2	100.000
150000.0	192.	100.000	907065.2	100.000	907065.2	100.000
200000.0	192.	100.000	907065.2	100.000	907065.2	100.000
241489.0	192.	100.000	907065.2	100.000	907065.2	100.000
300000.0	192.	100.000	907065.2	100.000	907065.2	100.000
500000.0	192.	100.000	907065.2	100.000	907065.2	100.000
1000000.0	192.	100.000	907065.2	100.000	907065.2	100.000
9999999.9	192.	100.000	907065.2	100.000	907065.2	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-IS-SS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	10.	4.630	0.0	0.000	0.0	0.000
1.0	10.	4.630	0.0	0.000	206.0	0.017
25.0	14.	6.481	56.0	0.004	5106.0	0.410
50.0	17.	7.870	171.0	0.014	10121.0	0.813
400.0	32.	14.815	3254.0	0.261	76854.0	6.174
1000.0	44.	20.370	11688.0	0.939	183688.0	14.756
2000.0	70.	32.407	52397.0	4.209	344397.0	27.667
2500.0	90.	41.667	96887.0	7.783	411887.0	33.089
3000.0	107.	49.537	143417.0	11.521	470417.0	37.791
4000.0	125.	57.870	206796.0	16.613	570796.0	45.855
5000.0	137.	63.426	261696.0	21.023	656696.0	52.755
6000.0	148.	68.519	321981.0	25.866	729981.0	58.643
7000.0	152.	70.370	347956.0	27.953	795956.0	63.943
8000.0	156.	72.222	378102.0	30.375	858102.0	68.935
9000.0	163.	75.463	436536.0	35.069	913536.0	73.388
10000.0	171.	79.167	514522.0	41.334	964522.0	77.484
11000.0	179.	82.870	598427.0	48.074	1005427.0	80.770
12000.0	186.	86.111	677727.0	54.445	1037727.0	83.365
13000.0	189.	87.500	715427.0	57.473	1066427.0	85.671
14000.0	191.	88.426	741809.0	59.593	1091809.0	87.710
15000.0	193.	89.352	770972.0	61.936	1115972.0	89.651
16000.0	194.	89.815	786890.0	63.214	1138890.0	91.492
17000.0	196.	90.741	819648.0	65.846	1159648.0	93.160
18000.0	202.	93.519	924910.0	74.302	1176910.0	94.546
19000.0	204.	94.444	962343.0	77.309	1190343.0	95.625
20000.0	205.	94.907	982269.0	78.910	1202269.0	96.584
25000.0	214.	99.074	1189428.0	95.552	1239428.0	99.569
30000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
35000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
40000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
45000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
50000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
60000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
70000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
80000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
90000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
100000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
120000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
150000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
200000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
241489.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
300000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
500000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
1000000.0	216.	100.000	1244797.0	100.000	1244797.0	100.000
9999999.9	216.	100.000	1244797.0	100.000	1244797.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS-SMITH
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.010
25.0	0.	0.000	0.0	0.000	300.0	0.257
50.0	0.	0.000	0.0	0.000	600.0	0.514
400.0	0.	0.000	0.0	0.000	4800.0	4.112
1000.0	0.	0.000	0.0	0.000	12000.0	10.280
2000.0	0.	0.000	0.0	0.000	24000.0	20.560
2500.0	0.	0.000	0.0	0.000	30000.0	25.700
3000.0	0.	0.000	0.0	0.000	36000.0	30.840
4000.0	0.	0.000	0.0	0.000	48000.0	41.119
5000.0	0.	0.000	0.0	0.000	60000.0	51.399
6000.0	0.	0.000	0.0	0.000	72000.0	61.679
7000.0	0.	0.000	0.0	0.000	84000.0	71.959
8000.0	0.	0.000	0.0	0.000	96000.0	82.239
9000.0	7.	58.333	59898.0	51.312	104898.0	89.861
10000.0	7.	58.333	59898.0	51.312	109898.0	94.145
11000.0	9.	75.000	80918.0	69.319	113918.0	97.589
12000.0	11.	91.667	104366.0	89.406	116366.0	99.686
13000.0	12.	100.000	116733.0	100.000	116733.0	100.000
14000.0	12.	100.000	116733.0	100.000	116733.0	100.000
15000.0	12.	100.000	116733.0	100.000	116733.0	100.000
16000.0	12.	100.000	116733.0	100.000	116733.0	100.000
17000.0	12.	100.000	116733.0	100.000	116733.0	100.000
18000.0	12.	100.000	116733.0	100.000	116733.0	100.000
19000.0	12.	100.000	116733.0	100.000	116733.0	100.000
20000.0	12.	100.000	116733.0	100.000	116733.0	100.000
25000.0	12.	100.000	116733.0	100.000	116733.0	100.000
30000.0	12.	100.000	116733.0	100.000	116733.0	100.000
35000.0	12.	100.000	116733.0	100.000	116733.0	100.000
40000.0	12.	100.000	116733.0	100.000	116733.0	100.000
45000.0	12.	100.000	116733.0	100.000	116733.0	100.000
50000.0	12.	100.000	116733.0	100.000	116733.0	100.000
60000.0	12.	100.000	116733.0	100.000	116733.0	100.000
70000.0	12.	100.000	116733.0	100.000	116733.0	100.000
80000.0	12.	100.000	116733.0	100.000	116733.0	100.000
90000.0	12.	100.000	116733.0	100.000	116733.0	100.000
100000.0	12.	100.000	116733.0	100.000	116733.0	100.000
120000.0	12.	100.000	116733.0	100.000	116733.0	100.000
150000.0	12.	100.000	116733.0	100.000	116733.0	100.000
200000.0	12.	100.000	116733.0	100.000	116733.0	100.000
241489.0	12.	100.000	116733.0	100.000	116733.0	100.000
300000.0	12.	100.000	116733.0	100.000	116733.0	100.000
500000.0	12.	100.000	116733.0	100.000	116733.0	100.000
1000000.0	12.	100.000	116733.0	100.000	116733.0	100.000
9999999.9	12.	100.000	116733.0	100.000	116733.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE DS3
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	3.	12.500	0.0	0.000	0.0	0.000
1.0	3.	12.500	0.0	0.000	21.0	0.010
25.0	3.	12.500	0.0	0.000	525.0	0.262
50.0	3.	12.500	0.0	0.000	1050.0	0.525
400.0	4.	16.667	216.0	0.108	8216.0	4.104
1000.0	5.	20.833	848.0	0.424	19848.0	9.915
2000.0	6.	25.000	2518.0	1.258	38518.0	19.241
2500.0	6.	25.000	2518.0	1.258	47518.0	23.737
3000.0	7.	29.167	5426.0	2.710	56426.0	28.186
4000.0	7.	29.167	5426.0	2.710	73426.0	36.678
5000.0	9.	37.500	13994.0	6.990	88994.0	44.455
6000.0	11.	45.833	24592.0	12.284	102592.0	51.248
7000.0	12.	50.000	31087.0	15.529	115087.0	57.489
8000.0	12.	50.000	31087.0	15.529	127087.0	63.484
9000.0	12.	50.000	31087.0	15.529	139087.0	69.478
10000.0	12.	50.000	31087.0	15.529	151087.0	75.472
11000.0	12.	50.000	31087.0	15.529	163087.0	81.467
12000.0	16.	66.667	77669.0	38.798	173669.0	86.753
13000.0	17.	70.833	89942.0	44.929	180942.0	90.386
14000.0	18.	75.000	103869.0	51.885	187869.0	93.846
15000.0	20.	83.333	132875.0	66.375	192875.0	96.346
16000.0	20.	83.333	132875.0	66.375	196875.0	98.345
17000.0	23.	95.833	181462.0	90.645	198462.0	99.137
18000.0	23.	95.833	181462.0	90.645	199462.0	99.637
19000.0	24.	100.000	200189.0	100.000	200189.0	100.000
20000.0	24.	100.000	200189.0	100.000	200189.0	100.000
25000.0	24.	100.000	200189.0	100.000	200189.0	100.000
30000.0	24.	100.000	200189.0	100.000	200189.0	100.000
35000.0	24.	100.000	200189.0	100.000	200189.0	100.000
40000.0	24.	100.000	200189.0	100.000	200189.0	100.000
45000.0	24.	100.000	200189.0	100.000	200189.0	100.000
50000.0	24.	100.000	200189.0	100.000	200189.0	100.000
60000.0	24.	100.000	200189.0	100.000	200189.0	100.000
70000.0	24.	100.000	200189.0	100.000	200189.0	100.000
80000.0	24.	100.000	200189.0	100.000	200189.0	100.000
90000.0	24.	100.000	200189.0	100.000	200189.0	100.000
100000.0	24.	100.000	200189.0	100.000	200189.0	100.000
120000.0	24.	100.000	200189.0	100.000	200189.0	100.000
150000.0	24.	100.000	200189.0	100.000	200189.0	100.000
200000.0	24.	100.000	200189.0	100.000	200189.0	100.000
241489.0	24.	100.000	200189.0	100.000	200189.0	100.000
300000.0	24.	100.000	200189.0	100.000	200189.0	100.000
500000.0	24.	100.000	200189.0	100.000	200189.0	100.000
1000000.0	24.	100.000	200189.0	100.000	200189.0	100.000
9999999.9	24.	100.000	200189.0	100.000	200189.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX1
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.006
25.0	0.	0.000	0.0	0.000	300.0	0.153
50.0	0.	0.000	0.0	0.000	600.0	0.306
400.0	0.	0.000	0.0	0.000	4800.0	2.451
1000.0	0.	0.000	0.0	0.000	12000.0	6.128
2000.0	0.	0.000	0.0	0.000	24000.0	12.255
2500.0	1.	8.333	2205.0	1.126	29705.0	15.168
3000.0	1.	8.333	2205.0	1.126	35205.0	17.977
4000.0	2.	16.667	5883.2	3.004	45883.2	23.429
5000.0	2.	16.667	5883.2	3.004	55883.2	28.535
6000.0	2.	16.667	5883.2	3.004	65883.2	33.642
7000.0	3.	25.000	12310.9	6.286	75310.9	38.456
8000.0	3.	25.000	12310.9	6.286	84310.9	43.051
9000.0	4.	33.333	20318.9	10.375	92318.9	47.141
10000.0	4.	33.333	20318.9	10.375	100318.9	51.226
11000.0	5.	41.667	30873.2	15.765	107873.2	55.083
12000.0	5.	41.667	30873.2	15.765	114873.2	58.657
13000.0	5.	41.667	30873.2	15.765	121873.2	62.232
14000.0	5.	41.667	30873.2	15.765	128873.2	65.806
15000.0	5.	41.667	30873.2	15.765	135873.2	69.381
16000.0	6.	50.000	46808.1	23.901	142808.1	72.922
17000.0	7.	58.333	63742.1	32.548	148742.1	75.952
18000.0	7.	58.333	63742.1	32.548	153742.1	78.505
19000.0	7.	58.333	63742.1	32.548	158742.1	81.058
20000.0	7.	58.333	63742.1	32.548	163742.1	83.611
25000.0	9.	75.000	112019.8	57.200	187019.8	95.497
30000.0	12.	100.000	195837.7	100.000	195837.7	100.000
35000.0	12.	100.000	195837.7	100.000	195837.7	100.000
40000.0	12.	100.000	195837.7	100.000	195837.7	100.000
45000.0	12.	100.000	195837.7	100.000	195837.7	100.000
50000.0	12.	100.000	195837.7	100.000	195837.7	100.000
60000.0	12.	100.000	195837.7	100.000	195837.7	100.000
70000.0	12.	100.000	195837.7	100.000	195837.7	100.000
80000.0	12.	100.000	195837.7	100.000	195837.7	100.000
90000.0	12.	100.000	195837.7	100.000	195837.7	100.000
100000.0	12.	100.000	195837.7	100.000	195837.7	100.000
120000.0	12.	100.000	195837.7	100.000	195837.7	100.000
150000.0	12.	100.000	195837.7	100.000	195837.7	100.000
200000.0	12.	100.000	195837.7	100.000	195837.7	100.000
241489.0	12.	100.000	195837.7	100.000	195837.7	100.000
300000.0	12.	100.000	195837.7	100.000	195837.7	100.000
500000.0	12.	100.000	195837.7	100.000	195837.7	100.000
1000000.0	12.	100.000	195837.7	100.000	195837.7	100.000
9999999.9	12.	100.000	195837.7	100.000	195837.7	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX2
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	5.	41.667	0.0	0.000	0.0	0.000
1.0	5.	41.667	0.0	0.000	7.0	0.062
25.0	6.	50.000	18.0	0.160	168.0	1.496
50.0	7.	58.333	47.0	0.418	297.0	2.644
400.0	10.	83.333	677.0	6.027	1477.0	13.150
1000.0	10.	83.333	677.0	6.027	2677.0	23.834
2000.0	10.	83.333	677.0	6.027	4677.0	41.640
2500.0	11.	91.667	3060.0	27.244	5560.0	49.501
3000.0	11.	91.667	3060.0	27.244	6060.0	53.953
4000.0	11.	91.667	3060.0	27.244	7060.0	62.856
5000.0	11.	91.667	3060.0	27.244	8060.0	71.759
6000.0	11.	91.667	3060.0	27.244	9060.0	80.662
7000.0	11.	91.667	3060.0	27.244	10060.0	89.566
8000.0	11.	91.667	3060.0	27.244	11060.0	98.469
9000.0	12.	100.000	11232.0	100.000	11232.0	100.000
10000.0	12.	100.000	11232.0	100.000	11232.0	100.000
11000.0	12.	100.000	11232.0	100.000	11232.0	100.000
12000.0	12.	100.000	11232.0	100.000	11232.0	100.000
13000.0	12.	100.000	11232.0	100.000	11232.0	100.000
14000.0	12.	100.000	11232.0	100.000	11232.0	100.000
15000.0	12.	100.000	11232.0	100.000	11232.0	100.000
16000.0	12.	100.000	11232.0	100.000	11232.0	100.000
17000.0	12.	100.000	11232.0	100.000	11232.0	100.000
18000.0	12.	100.000	11232.0	100.000	11232.0	100.000
19000.0	12.	100.000	11232.0	100.000	11232.0	100.000
20000.0	12.	100.000	11232.0	100.000	11232.0	100.000
25000.0	12.	100.000	11232.0	100.000	11232.0	100.000
30000.0	12.	100.000	11232.0	100.000	11232.0	100.000
35000.0	12.	100.000	11232.0	100.000	11232.0	100.000
40000.0	12.	100.000	11232.0	100.000	11232.0	100.000
45000.0	12.	100.000	11232.0	100.000	11232.0	100.000
50000.0	12.	100.000	11232.0	100.000	11232.0	100.000
60000.0	12.	100.000	11232.0	100.000	11232.0	100.000
70000.0	12.	100.000	11232.0	100.000	11232.0	100.000
80000.0	12.	100.000	11232.0	100.000	11232.0	100.000
90000.0	12.	100.000	11232.0	100.000	11232.0	100.000
100000.0	12.	100.000	11232.0	100.000	11232.0	100.000
120000.0	12.	100.000	11232.0	100.000	11232.0	100.000
150000.0	12.	100.000	11232.0	100.000	11232.0	100.000
200000.0	12.	100.000	11232.0	100.000	11232.0	100.000
241489.0	12.	100.000	11232.0	100.000	11232.0	100.000
300000.0	12.	100.000	11232.0	100.000	11232.0	100.000
500000.0	12.	100.000	11232.0	100.000	11232.0	100.000
1000000.0	12.	100.000	11232.0	100.000	11232.0	100.000
9999999.9	12.	100.000	11232.0	100.000	11232.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX4
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.008
25.0	0.	0.000	0.0	0.000	300.0	0.207
50.0	0.	0.000	0.0	0.000	600.0	0.415
400.0	0.	0.000	0.0	0.000	4800.0	3.318
1000.0	0.	0.000	0.0	0.000	12000.0	8.295
2000.0	0.	0.000	0.0	0.000	24000.0	16.589
2500.0	0.	0.000	0.0	0.000	30000.0	20.737
3000.0	0.	0.000	0.0	0.000	36000.0	24.884
4000.0	0.	0.000	0.0	0.000	48000.0	33.179
5000.0	0.	0.000	0.0	0.000	60000.0	41.473
6000.0	0.	0.000	0.0	0.000	72000.0	49.768
7000.0	0.	0.000	0.0	0.000	84000.0	58.062
8000.0	1.	8.333	7639.0	5.280	95639.0	66.107
9000.0	2.	16.667	16501.0	11.406	106501.0	73.615
10000.0	4.	33.333	35001.0	24.193	115001.0	79.491
11000.0	5.	41.667	45057.0	31.144	122057.0	84.368
12000.0	6.	50.000	56517.0	39.066	128517.0	88.833
13000.0	8.	66.667	81532.0	56.356	133532.0	92.300
14000.0	8.	66.667	81532.0	56.356	137532.0	95.065
15000.0	10.	83.333	110973.0	76.707	140973.0	97.443
16000.0	10.	83.333	110973.0	76.707	142973.0	98.826
17000.0	11.	91.667	127262.0	87.966	144262.0	99.717
18000.0	12.	100.000	144672.0	100.000	144672.0	100.000
19000.0	12.	100.000	144672.0	100.000	144672.0	100.000
20000.0	12.	100.000	144672.0	100.000	144672.0	100.000
25000.0	12.	100.000	144672.0	100.000	144672.0	100.000
30000.0	12.	100.000	144672.0	100.000	144672.0	100.000
35000.0	12.	100.000	144672.0	100.000	144672.0	100.000
40000.0	12.	100.000	144672.0	100.000	144672.0	100.000
45000.0	12.	100.000	144672.0	100.000	144672.0	100.000
50000.0	12.	100.000	144672.0	100.000	144672.0	100.000
60000.0	12.	100.000	144672.0	100.000	144672.0	100.000
70000.0	12.	100.000	144672.0	100.000	144672.0	100.000
80000.0	12.	100.000	144672.0	100.000	144672.0	100.000
90000.0	12.	100.000	144672.0	100.000	144672.0	100.000
100000.0	12.	100.000	144672.0	100.000	144672.0	100.000
120000.0	12.	100.000	144672.0	100.000	144672.0	100.000
150000.0	12.	100.000	144672.0	100.000	144672.0	100.000
200000.0	12.	100.000	144672.0	100.000	144672.0	100.000
241489.0	12.	100.000	144672.0	100.000	144672.0	100.000
300000.0	12.	100.000	144672.0	100.000	144672.0	100.000
500000.0	12.	100.000	144672.0	100.000	144672.0	100.000
1000000.0	12.	100.000	144672.0	100.000	144672.0	100.000
9999999.9	12.	100.000	144672.0	100.000	144672.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX5
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	2.	5.556	0.0	0.000	0.0	0.000
1.0	2.	5.556	0.0	0.000	34.0	0.001
25.0	2.	5.556	0.0	0.000	850.0	0.016
50.0	2.	5.556	0.0	0.000	1700.0	0.033
400.0	2.	5.556	0.0	0.000	13600.0	0.264
1000.0	2.	5.556	0.0	0.000	34000.0	0.660
2000.0	2.	5.556	0.0	0.000	68000.0	1.320
2500.0	2.	5.556	0.0	0.000	85000.0	1.650
3000.0	2.	5.556	0.0	0.000	102000.0	1.980
4000.0	2.	5.556	0.0	0.000	136000.0	2.640
5000.0	2.	5.556	0.0	0.000	170000.0	3.300
6000.0	2.	5.556	0.0	0.000	204000.0	3.960
7000.0	2.	5.556	0.0	0.000	238000.0	4.620
8000.0	2.	5.556	0.0	0.000	272000.0	5.279
9000.0	2.	5.556	0.0	0.000	306000.0	5.939
10000.0	2.	5.556	0.0	0.000	340000.0	6.599
11000.0	2.	5.556	0.0	0.000	374000.0	7.259
12000.0	2.	5.556	0.0	0.000	408000.0	7.919
13000.0	2.	5.556	0.0	0.000	442000.0	8.579
14000.0	2.	5.556	0.0	0.000	476000.0	9.239
15000.0	2.	5.556	0.0	0.000	510000.0	9.899
16000.0	2.	5.556	0.0	0.000	544000.0	10.559
17000.0	2.	5.556	0.0	0.000	578000.0	11.219
18000.0	2.	5.556	0.0	0.000	612000.0	11.879
19000.0	2.	5.556	0.0	0.000	646000.0	12.539
20000.0	2.	5.556	0.0	0.000	680000.0	13.199
25000.0	2.	5.556	0.0	0.000	850000.0	16.498
30000.0	4.	11.111	54578.0	1.059	1014578.0	19.693
35000.0	8.	22.222	185977.0	3.610	1165977.0	22.631
40000.0	10.	27.778	263704.0	5.118	1303704.0	25.305
45000.0	12.	33.333	349143.0	6.777	1429143.0	27.739
50000.0	14.	38.889	442134.0	8.582	1542134.0	29.933
60000.0	14.	38.889	442134.0	8.582	1762134.0	34.203
70000.0	14.	38.889	442134.0	8.582	1982134.0	38.473
80000.0	14.	38.889	442134.0	8.582	2202134.0	42.743
90000.0	20.	55.556	939451.0	18.235	2379451.0	46.185
100000.0	20.	55.556	939451.0	18.235	2539451.0	49.290
120000.0	20.	55.556	939451.0	18.235	2859451.0	55.501
150000.0	20.	55.556	939451.0	18.235	3339451.0	64.818
200000.0	21.	58.333	1108706.0	21.520	4108706.0	79.749
241489.0	26.	72.222	2209219.0	42.881	4624109.0	89.753
300000.0	32.	88.889	3774448.0	73.261	4974448.0	96.553
500000.0	36.	100.000	5152027.0	100.000	5152027.0	100.000
1000000.0	36.	100.000	5152027.0	100.000	5152027.0	100.000
9999999.9	36.	100.000	5152027.0	100.000	5152027.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX6
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.005
25.0	0.	0.000	0.0	0.000	300.0	0.123
50.0	0.	0.000	0.0	0.000	600.0	0.245
400.0	0.	0.000	0.0	0.000	4800.0	1.962
1000.0	0.	0.000	0.0	0.000	12000.0	4.904
2000.0	0.	0.000	0.0	0.000	24000.0	9.808
2500.0	0.	0.000	0.0	0.000	30000.0	12.260
3000.0	0.	0.000	0.0	0.000	36000.0	14.712
4000.0	0.	0.000	0.0	0.000	48000.0	19.616
5000.0	0.	0.000	0.0	0.000	60000.0	24.521
6000.0	0.	0.000	0.0	0.000	72000.0	29.425
7000.0	0.	0.000	0.0	0.000	84000.0	34.329
8000.0	1.	8.333	7197.0	2.941	95197.0	38.905
9000.0	1.	8.333	7197.0	2.941	106197.0	43.400
10000.0	2.	16.667	16531.0	6.756	116531.0	47.624
11000.0	2.	16.667	16531.0	6.756	126531.0	51.710
12000.0	3.	25.000	28401.0	11.607	136401.0	55.744
13000.0	3.	25.000	28401.0	11.607	145401.0	59.422
14000.0	3.	25.000	28401.0	11.607	154401.0	63.100
15000.0	3.	25.000	28401.0	11.607	163401.0	66.778
16000.0	3.	25.000	28401.0	11.607	172401.0	70.456
17000.0	3.	25.000	28401.0	11.607	181401.0	74.134
18000.0	3.	25.000	28401.0	11.607	190401.0	77.813
19000.0	3.	25.000	28401.0	11.607	199401.0	81.491
20000.0	3.	25.000	28401.0	11.607	208401.0	85.169
25000.0	11.	91.667	218195.0	89.171	243195.0	99.388
30000.0	12.	100.000	244692.0	100.000	244692.0	100.000
35000.0	12.	100.000	244692.0	100.000	244692.0	100.000
40000.0	12.	100.000	244692.0	100.000	244692.0	100.000
45000.0	12.	100.000	244692.0	100.000	244692.0	100.000
50000.0	12.	100.000	244692.0	100.000	244692.0	100.000
60000.0	12.	100.000	244692.0	100.000	244692.0	100.000
70000.0	12.	100.000	244692.0	100.000	244692.0	100.000
80000.0	12.	100.000	244692.0	100.000	244692.0	100.000
90000.0	12.	100.000	244692.0	100.000	244692.0	100.000
100000.0	12.	100.000	244692.0	100.000	244692.0	100.000
120000.0	12.	100.000	244692.0	100.000	244692.0	100.000
150000.0	12.	100.000	244692.0	100.000	244692.0	100.000
200000.0	12.	100.000	244692.0	100.000	244692.0	100.000
241489.0	12.	100.000	244692.0	100.000	244692.0	100.000
300000.0	12.	100.000	244692.0	100.000	244692.0	100.000
500000.0	12.	100.000	244692.0	100.000	244692.0	100.000
1000000.0	12.	100.000	244692.0	100.000	244692.0	100.000
9999999.9	12.	100.000	244692.0	100.000	244692.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE FX7
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.002
25.0	0.	0.000	0.0	0.000	300.0	0.051
50.0	0.	0.000	0.0	0.000	600.0	0.102
400.0	0.	0.000	0.0	0.000	4800.0	0.818
1000.0	0.	0.000	0.0	0.000	12000.0	2.044
2000.0	0.	0.000	0.0	0.000	24000.0	4.089
2500.0	0.	0.000	0.0	0.000	30000.0	5.111
3000.0	0.	0.000	0.0	0.000	36000.0	6.133
4000.0	0.	0.000	0.0	0.000	48000.0	8.178
5000.0	0.	0.000	0.0	0.000	60000.0	10.222
6000.0	0.	0.000	0.0	0.000	72000.0	12.267
7000.0	0.	0.000	0.0	0.000	84000.0	14.311
8000.0	0.	0.000	0.0	0.000	96000.0	16.356
9000.0	0.	0.000	0.0	0.000	108000.0	18.400
10000.0	0.	0.000	0.0	0.000	120000.0	20.444
11000.0	0.	0.000	0.0	0.000	132000.0	22.489
12000.0	0.	0.000	0.0	0.000	144000.0	24.533
13000.0	0.	0.000	0.0	0.000	156000.0	26.578
14000.0	0.	0.000	0.0	0.000	168000.0	28.622
15000.0	0.	0.000	0.0	0.000	180000.0	30.667
16000.0	0.	0.000	0.0	0.000	192000.0	32.711
17000.0	0.	0.000	0.0	0.000	204000.0	34.755
18000.0	0.	0.000	0.0	0.000	216000.0	36.800
19000.0	0.	0.000	0.0	0.000	228000.0	38.844
20000.0	0.	0.000	0.0	0.000	240000.0	40.889
25000.0	0.	0.000	0.0	0.000	300000.0	51.111
30000.0	0.	0.000	0.0	0.000	360000.0	61.333
35000.0	0.	0.000	0.0	0.000	420000.0	71.555
40000.0	0.	0.000	0.0	0.000	480000.0	81.778
45000.0	2.	16.667	86116.0	14.672	536116.0	91.338
50000.0	8.	66.667	377956.0	64.392	577956.0	98.466
60000.0	12.	100.000	586958.0	100.000	586958.0	100.000
70000.0	12.	100.000	586958.0	100.000	586958.0	100.000
80000.0	12.	100.000	586958.0	100.000	586958.0	100.000
90000.0	12.	100.000	586958.0	100.000	586958.0	100.000
100000.0	12.	100.000	586958.0	100.000	586958.0	100.000
120000.0	12.	100.000	586958.0	100.000	586958.0	100.000
150000.0	12.	100.000	586958.0	100.000	586958.0	100.000
200000.0	12.	100.000	586958.0	100.000	586958.0	100.000
241489.0	12.	100.000	586958.0	100.000	586958.0	100.000
300000.0	12.	100.000	586958.0	100.000	586958.0	100.000
500000.0	12.	100.000	586958.0	100.000	586958.0	100.000
1000000.0	12.	100.000	586958.0	100.000	586958.0	100.000
9999999.9	12.	100.000	586958.0	100.000	586958.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

COMMERCIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SAS
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.024
25.0	0.	0.000	0.0	0.000	300.0	0.608
50.0	0.	0.000	0.0	0.000	600.0	1.215
400.0	0.	0.000	0.0	0.000	4800.0	9.720
1000.0	0.	0.000	0.0	0.000	12000.0	24.301
2000.0	4.	33.333	4874.4	9.871	20874.4	42.272
2500.0	4.	33.333	4874.4	9.871	24874.4	50.373
3000.0	6.	50.000	10759.8	21.790	28759.8	58.241
4000.0	7.	58.333	14065.0	28.483	34065.0	68.985
5000.0	7.	58.333	14065.0	28.483	39065.0	79.110
6000.0	8.	66.667	19629.6	39.752	43629.6	88.354
7000.0	9.	75.000	25859.0	52.367	46859.0	94.894
8000.0	11.	91.667	41303.5	83.643	49303.5	99.844
9000.0	12.	100.000	49380.6	100.000	49380.6	100.000
10000.0	12.	100.000	49380.6	100.000	49380.6	100.000
11000.0	12.	100.000	49380.6	100.000	49380.6	100.000
12000.0	12.	100.000	49380.6	100.000	49380.6	100.000
13000.0	12.	100.000	49380.6	100.000	49380.6	100.000
14000.0	12.	100.000	49380.6	100.000	49380.6	100.000
15000.0	12.	100.000	49380.6	100.000	49380.6	100.000
16000.0	12.	100.000	49380.6	100.000	49380.6	100.000
17000.0	12.	100.000	49380.6	100.000	49380.6	100.000
18000.0	12.	100.000	49380.6	100.000	49380.6	100.000
19000.0	12.	100.000	49380.6	100.000	49380.6	100.000
20000.0	12.	100.000	49380.6	100.000	49380.6	100.000
25000.0	12.	100.000	49380.6	100.000	49380.6	100.000
30000.0	12.	100.000	49380.6	100.000	49380.6	100.000
35000.0	12.	100.000	49380.6	100.000	49380.6	100.000
40000.0	12.	100.000	49380.6	100.000	49380.6	100.000
45000.0	12.	100.000	49380.6	100.000	49380.6	100.000
50000.0	12.	100.000	49380.6	100.000	49380.6	100.000
60000.0	12.	100.000	49380.6	100.000	49380.6	100.000
70000.0	12.	100.000	49380.6	100.000	49380.6	100.000
80000.0	12.	100.000	49380.6	100.000	49380.6	100.000
90000.0	12.	100.000	49380.6	100.000	49380.6	100.000
100000.0	12.	100.000	49380.6	100.000	49380.6	100.000
120000.0	12.	100.000	49380.6	100.000	49380.6	100.000
150000.0	12.	100.000	49380.6	100.000	49380.6	100.000
200000.0	12.	100.000	49380.6	100.000	49380.6	100.000
241489.0	12.	100.000	49380.6	100.000	49380.6	100.000
300000.0	12.	100.000	49380.6	100.000	49380.6	100.000
500000.0	12.	100.000	49380.6	100.000	49380.6	100.000
1000000.0	12.	100.000	49380.6	100.000	49380.6	100.000
9999999.9	12.	100.000	49380.6	100.000	49380.6	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SC2
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.005
25.0	0.	0.000	0.0	0.000	300.0	0.128
50.0	0.	0.000	0.0	0.000	600.0	0.255
400.0	0.	0.000	0.0	0.000	4800.0	2.043
1000.0	0.	0.000	0.0	0.000	12000.0	5.108
2000.0	0.	0.000	0.0	0.000	24000.0	10.217
2500.0	0.	0.000	0.0	0.000	30000.0	12.771
3000.0	0.	0.000	0.0	0.000	36000.0	15.325
4000.0	0.	0.000	0.0	0.000	48000.0	20.434
5000.0	0.	0.000	0.0	0.000	60000.0	25.542
6000.0	0.	0.000	0.0	0.000	72000.0	30.651
7000.0	0.	0.000	0.0	0.000	84000.0	35.759
8000.0	0.	0.000	0.0	0.000	96000.0	40.868
9000.0	1.	8.333	8236.0	3.506	107236.0	45.651
10000.0	1.	8.333	8236.0	3.506	118236.0	50.334
11000.0	1.	8.333	8236.0	3.506	129236.0	55.017
12000.0	1.	8.333	8236.0	3.506	140236.0	59.699
13000.0	4.	33.333	45862.0	19.524	149862.0	63.797
14000.0	4.	33.333	45862.0	19.524	157862.0	67.203
15000.0	4.	33.333	45862.0	19.524	165862.0	70.608
16000.0	5.	41.667	61334.0	26.110	173334.0	73.789
17000.0	5.	41.667	61334.0	26.110	180334.0	76.769
18000.0	6.	50.000	79186.0	33.710	187186.0	79.686
19000.0	6.	50.000	79186.0	33.710	193186.0	82.240
20000.0	7.	58.333	98440.0	41.906	198440.0	84.477
25000.0	10.	83.333	167001.0	71.093	217001.0	92.379
30000.0	11.	91.667	196632.0	83.707	226632.0	96.479
35000.0	11.	91.667	196632.0	83.707	231632.0	98.607
40000.0	12.	100.000	234904.0	100.000	234904.0	100.000
45000.0	12.	100.000	234904.0	100.000	234904.0	100.000
50000.0	12.	100.000	234904.0	100.000	234904.0	100.000
60000.0	12.	100.000	234904.0	100.000	234904.0	100.000
70000.0	12.	100.000	234904.0	100.000	234904.0	100.000
80000.0	12.	100.000	234904.0	100.000	234904.0	100.000
90000.0	12.	100.000	234904.0	100.000	234904.0	100.000
100000.0	12.	100.000	234904.0	100.000	234904.0	100.000
120000.0	12.	100.000	234904.0	100.000	234904.0	100.000
150000.0	12.	100.000	234904.0	100.000	234904.0	100.000
200000.0	12.	100.000	234904.0	100.000	234904.0	100.000
241489.0	12.	100.000	234904.0	100.000	234904.0	100.000
300000.0	12.	100.000	234904.0	100.000	234904.0	100.000
500000.0	12.	100.000	234904.0	100.000	234904.0	100.000
1000000.0	12.	100.000	234904.0	100.000	234904.0	100.000
9999999.9	12.	100.000	234904.0	100.000	234904.0	100.000

COLUMBIA GAS OF KENTUCKY, INC.

INDUSTRIAL BILL FREQUENCY ANALYSIS
FOR THE 12 MONTHS ENDED 9/2006

RATE SCHEDULE SC3
DATA: 12 MOS. ACTUAL 0 MOS. ESTIMATED

MCF UPPER LIMIT	CUMULATIVE BILLS	PERCENT BILLS	CUMULATIVE MCF	PERCENT MCF	CONSOLIDATED FACTOR MCF	CONSOLIDATED FACTOR PERCENT
0.0	0.	0.000	0.0	0.000	0.0	0.000
1.0	0.	0.000	0.0	0.000	12.0	0.000
25.0	0.	0.000	0.0	0.000	300.0	0.009
50.0	0.	0.000	0.0	0.000	600.0	0.019
400.0	0.	0.000	0.0	0.000	4800.0	0.148
1000.0	0.	0.000	0.0	0.000	12000.0	0.370
2000.0	0.	0.000	0.0	0.000	24000.0	0.741
2500.0	0.	0.000	0.0	0.000	30000.0	0.926
3000.0	0.	0.000	0.0	0.000	36000.0	1.111
4000.0	0.	0.000	0.0	0.000	48000.0	1.482
5000.0	0.	0.000	0.0	0.000	60000.0	1.852
6000.0	0.	0.000	0.0	0.000	72000.0	2.223
7000.0	0.	0.000	0.0	0.000	84000.0	2.593
8000.0	0.	0.000	0.0	0.000	96000.0	2.964
9000.0	0.	0.000	0.0	0.000	108000.0	3.334
10000.0	0.	0.000	0.0	0.000	120000.0	3.705
11000.0	0.	0.000	0.0	0.000	132000.0	4.075
12000.0	0.	0.000	0.0	0.000	144000.0	4.445
13000.0	0.	0.000	0.0	0.000	156000.0	4.816
14000.0	0.	0.000	0.0	0.000	168000.0	5.186
15000.0	0.	0.000	0.0	0.000	180000.0	5.557
16000.0	0.	0.000	0.0	0.000	192000.0	5.927
17000.0	0.	0.000	0.0	0.000	204000.0	6.298
18000.0	0.	0.000	0.0	0.000	216000.0	6.668
19000.0	0.	0.000	0.0	0.000	228000.0	7.039
20000.0	0.	0.000	0.0	0.000	240000.0	7.409
25000.0	0.	0.000	0.0	0.000	300000.0	9.261
30000.0	0.	0.000	0.0	0.000	360000.0	11.114
35000.0	0.	0.000	0.0	0.000	420000.0	12.966
40000.0	0.	0.000	0.0	0.000	480000.0	14.818
45000.0	0.	0.000	0.0	0.000	540000.0	16.671
50000.0	0.	0.000	0.0	0.000	600000.0	18.523
60000.0	0.	0.000	0.0	0.000	720000.0	22.227
70000.0	0.	0.000	0.0	0.000	840000.0	25.932
80000.0	0.	0.000	0.0	0.000	960000.0	29.637
90000.0	0.	0.000	0.0	0.000	1080000.0	33.341
100000.0	0.	0.000	0.0	0.000	1200000.0	37.046
120000.0	0.	0.000	0.0	0.000	1440000.0	44.455
150000.0	0.	0.000	0.0	0.000	1800000.0	55.569
200000.0	1.	8.333	188074.0	5.806	2388074.0	73.723
241489.0	7.	58.333	1503124.0	46.404	2710569.0	83.679
300000.0	8.	66.667	1752479.0	54.102	2952479.0	91.147
500000.0	12.	100.000	3239241.0	100.000	3239241.0	100.000
1000000.0	12.	100.000	3239241.0	100.000	3239241.0	100.000
9999999.9	12.	100.000	3239241.0	100.000	3239241.0	100.000

Attorney General Data Request Set 1
Question No. **107**
Columbia Gas of Kentucky Respondent: **Mark Balmert**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 107

Please provide the WPM workpapers and Schedules M and N in electronic format.

Response of Columbia Gas of Kentucky:

Attached are the WPM workpapers and Schedule M in compact disc (CD) format. The file name is 2007-00008 AG Set1-107 Attachment 1.xls. Also attached are Schedule N tariff sales rate schedules. The file name is 2007-00008 AG Set1-107 Attachment 2.xls. Also attached are Schedule N transportation rate schedules. The file name is 2007-00008 AG Set1-107 Attachment 3.xls.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 108

Please provide all workpapers and source data used to develop Attachment JMC-1 to the testimony of Judy Cooper.

Response of Columbia Gas of Kentucky:

Please refer to response to PSC Set 2 – 29, parts a and b.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 109

Please provide all source documents and workpapers underlying the 75% "Behavioral Factor" in Attachment JMC-2 to the testimony of Judy Cooper.

Response of Columbia Gas of Kentucky

Please refer to response to PSC Set 2-29, part d., and AG Set 1-21.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 110

Please describe how, if at all, the Company will distinguish between mains replacements that are part of the AMRP and those that are not, that is, those that would have been made without the AMRP.

Response of Columbia Gas of Kentucky:

All mains replacement projects pertaining to the AMRP, will be identified and tracked by the assignment of unique specific budget numbers issued solely for the identification of the AMRP project. Individual project work order numbers will then be issued relating to these specific budget numbers. For instance, and for illustrative purposes only:

	CKY Specific Budget 1234 – AMRP Phase 1
Work Order A	Replace 5,000' in Lexington
Work Order B	Replace 12,000' in Frankfort
Work Order C	Replace 1,500' in Paris
Work Order D	Replace 7,000' in Winchester
Work Order E	Replace 900' in Louisa

Throughout the duration of the project, it is highly probable numerous specific budgets will be issued taking into account items such as operational requirements, timelines, and budgeting parameters.

In addition, a unique Project ID strictly for the AMRP will be assigned by field operations to link all issued work orders together within their Work Management System.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 111

Will the AMRP surcharge apply to all customers in each customer class regardless of the customer's consumption of gas?

Response of Columbia Gas of Kentucky:

Please refer pages 15 and 16 of my testimony. The AMRP surcharge will be charged to applicable customers regardless of the customer's consumption of gas.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 112

How will the Company identify the property taxes attributable to the AMRP program?

Response of Columbia Gas of Kentucky

Columbia will not identify property taxes attributable to the AMRP program as is not seeking recovery of property taxes in the AMRP Rider.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 113

In what way will the PISCC encourage customer growth, as asserted by Ms. Cooper at page 17 of her testimony?

Response of Columbia Gas of Kentucky:

Please see Columbia's response to PSC Set 2-034 part a.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 114

Please provide electronic copies of Mr. Gibbon's class cost of service studies, with all algorithms and formulas intact.

Response of Columbia Gas of Kentucky:

Electronic copies of the class cost of service studies with all algorithms and formulas intact are being provided on a separate CD.

Attorney General Data Request Set 1
Question No. **115**
Columbia Gas of Kentucky Respondent: **Ronald D. Gibbons**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 115

Please explain more fully the following sentence on page 5 of Mr. Gibbon's testimony: "The services were valued for each rates schedule using the average unit cost based on detailed capitalized property records." Provide a listing of the unit costs for services used in Mr. Gibbon's study.

Response of Columbia Gas of Kentucky:

Detailed costing of service lines using the Company's detailed capitalized property records was conducted to arrive at an average unit cost per all service lines (Main/Meter, Maine/Curb, Curb/Meter) by size. The average unit cost was then applied to the number of services classified to each rate class. Please see the attachment for a detailed listing of the unit cost calculation.

COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 380 - SERVICES
SOURCE - LISTING OF SERVICES BY SIZE AND KIND

	Rate Schedule	Under 3"	Duplicates ±	Total Under 3"	3" & Over	Duplicates ±	Total 3" & Over	Total
GS-Res	Blank	1,455	348	1,107	1		1	1,108
	GSR	110,557	9,803	100,754	68	34	34	100,788
	GTR	32,326	1,197	31,129	10	5	5	31,134
	GIR	36	7	29			0	29
	IN3	13		13			0	13
	In4	1		1			0	1
	IN5	6		6			0	6
	LG2	2		2			0	2
	LG3	2		2			0	2
	LG4	1		1			0	1
	LOC	817	188	629	3	3	0	629
	Total	**145,216**	**11,543**	**133,673**	**82**	**42**	**40**	**133,713**
GS-Other	Blank - com	92	30	62	1		1	63
	GSO-Com	12,711	2,851	9,860	311	35	276	10,136
	GST-Com	13		13	16		16	29
	GTO-Com	4,468	734	3,734	86	9	77	3,811
	G1C-Com	4		4			0	4
	IN3-Com	2		2			0	2
	LG2_com	2		2			0	2
	LOC-Com	113	42	71			0	71
	Blank-Ind	1		1			0	1
	GSO-Ind	48	2	46	10		10	56
	GST - Ind	15		15	3		3	18
	GSO - Elec	0		0	2		2	2
	GTO-Ind	10	2	8	2		2	10
		17,479	**3,661**	**13,818**	**431**	**44**	**387**	**14,205**
IUS	*IUS*	**2**	**0**	**2**	**0**	**0**	**0**	**2**
DS-MLS	FX5	**0**	**0**	**0**	**0**	**0**	**0**	**0**
DS/IS/SS	IS-Com	9	0	9	14	0	14	23
	SS-Com	15	1	14	35	2	33	47
	IS-Ind	31	4	27	71	3	68	95
	SS-Ind	7	0	7	13	0	13	20
		62	**5**	**57**	**133**	**5**	**128**	**185**

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 116

Please provide a listing of the unit meter costs used in Mr. Gibbon's study.

Response of Columbia Gas of Kentucky:

Please see the attached.

COLUMBIA GAS OF KENTUCKY, INC.
ACCOUNT 381 - METERS
SOURCE - LISTING BY RATE SCHEDUDLE, BY SIZE OF METER.

Rate Schedule	Total	GS-RES.	GS-OTHER	IUS	DS-ML/SC	DS/IS/SS
GSR	5,244,485	5244485				
GSO	2,752,319	-	2,752,319			
G1C	4,081		4,081			
G1R	1,526	1,526				
GST	-					
IN4	53	52.63				
IN5	263	263				
IN3	579	526	53			
IUS	2,577			2,577		
IS	-					
LG2	456	53	404			
LG3	404	404				
LG4	53	53				
SS	-					
GTO	1,047,678		1,047,678			
GTR	1,426,005	1,426,005				
SC3	4,389					4,389
SC2	3,624					3,624
DS3	3,624				3,624	
DS-Smith	1,812					1,812
SAS	1,812					1,812
DS-IS	79,732					79,732
DS-IS-SS	90,374					90,374
FX1	3,624					3,624
FX2	-					
FX5	5,436				5,436	
FX6	1,812				1,812	
FX7	1,812				1,812	
DS-GS	18,121		18,121			
DS-GS-SS	32,027		32,027			
	-					
	-	-	-	-	-	-
Total	10,728,678	6,673,367	3,854,682	2,577	12,685	185,367
%	100.00%	62.20%	35.93%	0.02%	0.12%	1.73%

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 117

What is the rationale for recommending customers charges of $12.75 and $28.00 for residential and commercial customers, respectively, rather than $14 and $29 as indicated on Attachment RDG-6?

Response of Columbia Gas of Kentucky:

While Columbia strives to develop its customer charges based on principles of cost-causation as determined in the class cost of service study, the Company elected to propose customer charges that were less than the charges supported by the Customer Charge Study. The Customer Charge Study certainly supported customer charges of $14 and $29, but in the interest of gradualism and to reduce rate shock, the Company elected a lower customer charge while still being able to propose reduced volumetric rates.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 118

Please explain why some Columbia customers are billed under LG&E's gas rate tariff.

Response of Columbia Gas of Kentucky:

Per a purchase agreement between Columbia Gas Transmission Corporation (TCO) and LG&E when TCO acquired the line known as the "LG&E line". One of the clauses in the agreement is that the customers served off the line will be charged the LG&E's rates.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 119

If the IUS class "underachieves" its rates of return, as Mr. Gibbons testifies on page 10 of his testimony, why is it receiving a rate increase of only 5.29 percent, almost half the residential rate increase?

Response of Columbia Gas of Kentucky:

The 5.29 percent increase proposed to the IUS customer class is comprised of a customer charge of $255 and a volumetric charge of $0.5905. Previously, there was no customer charge and the volumetric charge was $0.3038. Therefore, exclusive of gas costs, the customer charge will increase infinitely and the volumetric charge will increase by nearly 100%. However, the gas cost rate used to calculate the overall percentage increase was $10.4012 which greatly reduces the total percentage impact of the large increase to the customer charge and volumetric charge. Under the proposed rates, the IUS customer class has moved from negative rate of returns on rate base and common equity to positive rate of returns.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 120

Please provide a cross-reference showing where the 21 rate schedules in Attachment RDG-5 are categorized into the five rate classes in the cost of service studies.

Response of Columbia Gas of Kentucky:

Attached is a revised Attachment RDG-5 which now includes a column indicating which class cost of service rate class each rate schedule has been categorized to.

Columbia Gas of Kentucky, Inc.
Schedule of Additional Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended September 30, 2006

Line No.	DESCRIPTION	Adjusted Volumes (1) MCF	Revenue @ Current Rates (2) $	Proposed Increase (3) $	Revenue @ Proposed Rates (4) $	Proposed Increase (5=3/1) $/MCF	Proposed Increase (6=3/2) %	Cost of Service Rate Schedule
	Gas Service Revenues							
1	DS/IS/SS	9,026,183.2	5,400,582	483,612	5,884,194	0.0536	8.95%	DS/IS/SS
2	DS-SMITH	117,208.0	75,116	2,593	77,709	0.0221	3.45%	DS/IS/SS
3	FX1	195,837.7	25,260	2,291	27,551	0.0117	9.07%	DS/IS/SS
4	FX2	11,855.0	2,054	1,987	4,041	0.1676	96.73%	DS/IS/SS
5	FX4	144,672.0	47,689	2,400	50,089	0.0166	5.03%	DS/IS/SS
6	SAS	49,380.6	27,667	2,400	30,067	0.0486	8.67%	DS/IS/SS
7	SC2	234,904.0	31,318	2,291	33,608	0.0098	7.31%	DS/IS/SS
8	SC3	3,239,241.0	421,881	2,291	424,172	0.0007	0.54%	DS/IS/SS
9	DS3	208,083.0	18,518	5,477	23,995	0.0263	29.58%	DS-ML/SC
10	FX5	5,152,027.0	443,945	6,800	450,745	0.0013	1.53%	DS-ML/SC
11	FX6	244,692.0	21,665	2,400	24,065	0.0098	11.08%	DS-ML/SC
12	FX7	586,958.0	206,740	2,400	209,140	0.0041	1.16%	DS-ML/SC
13	GSO/GTO/GST/DS-GS	5,930,255.7	55,077,421	1,364,033	56,441,454	0.2300	2.48%	GS-OTHER
14	G1C	5,956.1	71,757	0	71,757	0.0000	0.00%	GS-OTHER
15	LG2 Commercial	943.0	330	0	330	0.0000	0.00%	GS-OTHER
16	GSR/GTR Residential	8,793,451.6	$95,148,645	$10,540,258	$105,688,903	$1.1986	11.08%	GS-RES
17	IN3	1,513.6	605	0	605	0.0000	0.00%	GS-RES
18	IN4	101.1	56	0	56	0.0000	0.00%	GS-RES
19	IN5	675.4	405	0	405	0.0000	0.00%	GS-RES
20	G1R	2,872.2	37,726	0	37,726	0.0000	0.00%	GS-RES
21	LG2 Residential	571.6	200	0	200	0.0000	0.00%	GS-RES
22	LG3 Residential	490.4	178	0	178	0.0000	0.00%	GS-RES
23	LG4 Residential	275.1	110	0	110	0.0000	0.00%	GS-RES
24	IUS	21,904.0	234,482	12,400	246,882	0.5661	5.29%	IUS
25	Other Gas Department Revenue							
26	Acct. 487 Forefited Discounts		388,732	0	388,732			
27	Acct. 488 Miscellaneous Service Revenue		118,856	211.889	330,745			
28	Acct. 495 Non-Traditional Sales		0	0	0			
29	Acct. 495 Prior Yr. Rate Refund - Net.		0	0	0			
30	Acct. 495 Other Gas Revenues - Other		474,858	0	474,858			
31	Total Gas Service Revenues	33,970,051.3	$158,276,796	$12,645,522	$170,922,318	N/A	7.99%	

Note: DS-GS service is proposed to be called GDS service; DS-IS service is proposed to be called DS service; DS3 service is proposed to be called DS-ML service and SS service is proposed to be included in GDS or DS service.

Attachment RDG-5
Sheet 2 of 3

Columbia Gas of Kentucky, Inc.
Schedule of Additional Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended September 30, 2006

Line No.		Bills	Mcf	Proposed Rate	Proposed Revenue ($)	Current Rev Revenue ($)	Pct. Of Current Rev	Current Rate	Proposed Inc. (Dec.)
1	GSR/GTR Rate Design								
2	Total Revenue @ Proposed Rates				105,688,903				
3	Les Gas Cost Revenue				69,706,137				
4	Les EAP Revenue				509,141				
5	Les Administrative Charge Revenue				0				
6	Les Customer Charge Revenue	1,524,161		12.75	19,433,053	0		0.00	19,433,053
7	Net Volumetric Base Revenue				16,040,572				19,433,053
8	First 1 Mcf (GRS/GTR)		1,134,356.8	1.8241	2,069,180	10,592,919		6.9500	(8,523,739)
9	Over 1 Mcf (GRS/GTR)		7,659,094.8	1.8241	13,970,955	14,340,448		1.8715	(369,493)
10	Total		8,793,451.6	1.8241	16,040,135	24,933,367			10,539,821
11	GSO/GTO/GST/DS-GS Rate Design								
12	Total Revenue @ Proposed Rates				56,441,454				
13	Les Gas Cost Revenue				41,339,058				
14	Les EAP Revenue				0				
15	Les Administrative Charge Revenue	324		55.90	18,112	18,112		55.90	0
16	Les Customer Charge Revenue	176,883		28.00	4,952,724	0		0.00	4,952,724
17	Net Volumetric Base Revenue				10,131,561				4,952,724
18	Les First 1 Mcf		126,980.1	1.8241	231,624	3,340,364		18.8800	(3,108,740)
19	Next 49 Mcf		1,912,823.6	1.8241	3,489,182	3,580,527		1.8715	(91,345)
20	Net Volumetric Base Revenue (all other blocks)				6,410,755				1,752,640
21	Next 350 Mcf		2,258,905.2	1.7142	3,872,179	4,106,903	0.604013014	1.8153	(234,724)
22	Next 600 Mcf		809,904.2	1.6324	1,322,056	1,402,196	0.206224721	1.7296	(80,140)
23	Over 1,000 Mcf		821,642.6	1.4806	1,216,519	1,290,262	0.189762265	1.5802	(73,743)
24	Total		5,930,255.7		6,410,754	6,799,361	1.000000000		1,364,032

Note: DS-GS service is proposed to be called GDS service; DS-IS service is proposed to be called DS service; DS3 service is proposed to be called DS-ML service and SS service is proposed to be included in GDS or DS service.

Columbia Gas of Kentucky, Inc.
Schedule of Additional Revenues by Rate Schedule Based on Revenue Requirement
For the 12 Months Ended September 30, 2006

Attachment RDG-5
Sheet 3 of 3

Line No.		Bills	Mcf	Proposed Rate	Proposed Revenue ($)	Current Rev Revenue ($)	Pct. Of Current Rev	Current Rate	Proposed Inc. (Dec.)
1	DS/IS/SS Rate Design								
2	Total Revenue @ Proposed Rates				5,884,194				
3	Les Gas Cost Revenue				979,821				
4	Les EAP Revenue				0				
5	Les Customer Charge Revenue	901		**200.00**	180,200	122,144		116.55	58,056
6	Les Administrative Charge Revenue	901		**55.90**	50,366	50,366		55.90	0
7	Net Volumetric Base Revenue				4,673,807				58,056
8	First 30,000 Mcf		6,324,460.2	**0.6027**	3,811,461	3,464,422	0.815493866	0.5467	347,039
9	Over 30,000 Mcf		2,701,723.0	**0.3192**	862,346	783,828	0.184506134	0.2905	78,518
10	Total		9,026,183.2		4,673,807	4,248,250	1.000000000		483,612
11	DS3/DS-SMITH/FX1/FX2/FX4/FX5/FX6/FX7/SAS/SC2/SC3 Customer Charge Rate Design Change								
12	Customer Charge Revenue			**200.00**				116.55	
13	DS3/DS-SMITH/FX1/FX2/FX4/FX5/FX6/SAS/SC2/SC3 Administrative Charge Rate Design Change								
14	Administrative Charge Revenue			**55.90**				55.90	
15	IUS Rate Design								
16	Total Revenue @ Proposed Rates				246,882				
17	Les Gas Cost Revenue				227,828				
18	Les EAP Revenue				0				
19	Les Administrative Charge Revenue				0				
20	Les Customer Charge Revenue	24		255.00	6,120	0		0.00	6,120
21	Net Volumetric Base Revenue				12,934				6,120
22	All Gas Consumed		21,904.0	**0.5905**	12,934	6,654		0.3038	6,280
23	Total		21,904.0		12,934	6,654			12,400

Note: DS-GS service is proposed to be called GDS service; DS-IS service is proposed to be called DS service; DS3 service is proposed to be called DS-ML service and SS service is proposed to be included in GDS or DS service.

Attorney General Data Request Set 1
Question No. **121**
Columbia Gas of Kentucky Respondent: **Ronald D. Gibbons**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 121

Please provide a breakdown of the $10,139,594 in "Outside Services" found on line 13 on page 19 of Mr. Gibbon's cost of service study.

Response of Columbia Gas of Kentucky:

There are two parts to the "outside services" amount of $10,139,594. The base period 923 costs of $9,129,743 and an adjustment of $1,009,851. The base period 923 amount is detailed by month on sheet 10 of 11 of Schedule C-2.2 and calculation of the adjustment of $1,009,851 is on sheet 1 of 2 of Schedule D-2.8.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 122

Ref: page 18, line 5 of Mr. Gibbon's cost of service studies. Why are uncollectible accounts allocated by customer counts, rather than directly assigned based on the customer classification of the uncollectible accounts?

Response of Columbia Gas of Kentucky:

Uncollectible accounts are not readily identifiable by customer classifications. Under accrual accounting, an accrual is made to cover the likely event of some customer billings becoming uncollectible. Uncollectible accounts tend to be mostly residential and commercial.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
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INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 123

Please provide a breakdown of the $474,858 of "Other" revenue in line 12 of page 12 of Mr. Gibbon's cost of service studies.

Response of Columbia Gas of Kentucky:

Below is a breakdown of "Other" revenue on Line 12 of Page 12 of the cost of service studies:

Gas Lost, Other Accidental Line Break	$ 11,188
Customer Billing Services	$107,635
Choice Marketer Fee Revenues	$356,119

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 124

For each quarter since the first quarter of 2001, please provide the following for residential, and separately, GS commercial customers:

a. The cost of purchased gas per mcf,
b. The cost of delivery per mcf,
c. Total bill per customer,
d. The number of customers,
e. The mcf per customer,
f. The weather-normalized mcf per customer.

Response of Columbia Gas of Kentucky:

Gas cost recovery rates normally change starting with the first billing unit of March, June, September, and December each year. In addition, CKY has filed interim gas cost recovery rate changes in the past as well. It is not clear if the request is asking for a weighted average cost of purchased gas or the monthly rates within a quarter. It is equally not clear if the request is asking for calendar quarters (ie. Jan-Mar, Apr-Jun etc.) or gas cost recovery quarters (Dec-Feb, Mar-May etc.). Therefore monthly data is being provided.

Residential customers are billed at many different delivery rates for both sales service and delivery service, some with gas cost and some without. Data below represents only residential customers on rate schedule GSR (residential sales service).

GS Commercial customers are billed at many different delivery rates for both sales service and delivery service, some with gas cost and some without. Data below represents only GS commercial customers on rate schedule GSO (commercial sales service).

a. Cost of purchased gas ($/Mcf).

January-01	7.6706
February-01	7.6706
March-01	8.8982
April-01	8.3519
May-01	8.9402
June-01	8.9298
July-01	7.8343
August-01	7.1374

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September-01	7.4132
October-01	7.4132
November-01	7.4132
December-01	6.1395
January-02	6.1395
February-02	6.1395
March-02	5.4433
April-02	5.4433
May-02	5.4433
June-02	6.0353
July-02	6.0353
August-02	6.0353
September-02	4.7816
October-02	4.7816
November-02	4.7816
December-02	5.7080
January-03	5.7080
February-03	5.7080
March-03	7.5659
April-03	9.5518
May-03	9.5518
June-03	8.1067
July-03	8.1067
August-03	8.1067
September-03	9.7509
October-03	9.7509
November-03	9.7509
December-03	9.8553
January-04	9.8553
February-04	9.8553
March-04	9.9407
April-04	9.9407
May-04	9.9407
June-04	9.4120
July-04	9.4120
August-04	9.4120
September-04	8.2155
October-04	8.2155
November-04	8.2155
December-04	10.1799
January-05	10.1799
February-05	10.1799
March-05	9.1189
April-05	9.1189
May-05	9.1189
June-05	9.7773
July-05	9.7773
August-05	9.7773
September-05	9.4031

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October-05	9.4031
November-05	12.3069
December-05	14.6394
January-06	14.6394
February-06	11.6203
March-06	11.0410
April-06	11.0410
May-06	11.0410
June-06	10.0073
July-06	10.0073
August-06	10.0073
September-06	8.3670

b. Cost of delivery per Mcf (GSR – residential, GSO – commercial)

GSR	Base Rate Charge	
	F1	**O1**
January-01	0.0000	2.1800
February-01	0.0000	2.1800
March-01	0.0000	2.1800
April-01	0.0000	2.1800
May-01	0.0000	2.1800
June-01	0.0000	2.1800
July-01	0.0000	2.1800
August-01	0.0000	2.1800
September-01	0.0000	2.1800
October-01	0.0000	2.1800
November-01	0.0000	2.1800
December-01	0.0000	2.1800
January-02	0.0000	2.1800
February-02	0.0000	2.1800
March-02	0.0000	2.1800
April-02	0.0000	2.1800
May-02	0.0000	2.1800
June-02	0.0000	2.1800
July-02	0.0000	2.1800
August-02	0.0000	2.1800
September-02	0.0000	2.1800
October-02	0.0000	2.1800
November-02	0.0000	2.1800
December-02	0.0000	2.1800
January-03	0.0000	2.1800
February-03	0.0000	2.1800
March-03	0.0000	1.8715
April-03	0.0000	1.8715
May-03	0.0000	1.8715
June-03	0.0000	1.8715

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July-03	0.0000	1.8715
August-03	0.0000	1.8715
September-03	0.0000	1.8715
October-03	0.0000	1.8715
November-03	0.0000	1.8715
December-03	0.0000	1.8715
January-04	0.0000	1.8715
February-04	0.0000	1.8715
March-04	0.0000	1.8715
April-04	0.0000	1.8715
May-04	0.0000	1.8715
June-04	0.0000	1.8715
July-04	0.0000	1.8715
August-04	0.0000	1.8715
September-04	0.0000	1.8715
October-04	0.0000	1.8715
November-04	0.0000	1.8715
December-04	0.0000	1.8715
January-05	0.0000	1.8715
February-05	0.0000	1.8715
March-05	0.0000	1.8715
April-05	0.0000	1.8715
May-05	0.0000	1.8715
June-05	0.0000	1.8715
July-05	0.0000	1.8715
August-05	0.0000	1.8715
September-05	0.0000	1.8715
October-05	0.0000	1.8715
November-05	0.0000	1.8715
December-05	0.0000	1.8715
January-06	0.0000	1.8715
February-06	0.0000	1.8715
March-06	0.0000	1.8715
April-06	0.0000	1.8715
May-06	0.0000	1.8715
June-06	0.0000	1.8715
July-06	0.0000	1.8715
August-06	0.0000	1.8715
September-06	0.0000	1.8715

			Base Rate		
GSO			**Charge**		
	F1	**N49**	**N350**	**N600**	**O1000**
January-01	0.0000	2.1800	2.1149	2.0149	1.8409
February-01	0.0000	2.1800	2.1149	2.0149	1.8409
March-01	0.0000	2.1800	2.1149	2.0149	1.8409
April-01	0.0000	2.1800	2.1149	2.0149	1.8409
May-01	0.0000	2.1800	2.1149	2.0149	1.8409

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June-01	0.0000	2.1800	2.1149	2.0149	1.8409
July-01	0.0000	2.1800	2.1149	2.0149	1.8409
August-01	0.0000	2.1800	2.1149	2.0149	1.8409
September-01	0.0000	2.1800	2.1149	2.0149	1.8409
October-01	0.0000	2.1800	2.1149	2.0149	1.8409
November-01	0.0000	2.1800	2.1149	2.0149	1.8409
December-01	0.0000	2.1800	2.1149	2.0149	1.8409
January-02	0.0000	2.1800	2.1149	2.0149	1.8409
February-02	0.0000	2.1800	2.1149	2.0149	1.8409
March-02	0.0000	2.1800	2.1149	2.0149	1.8409
April-02	0.0000	2.1800	2.1149	2.0149	1.8409
May-02	0.0000	2.1800	2.1149	2.0149	1.8409
June-02	0.0000	2.1800	2.1149	2.0149	1.8409
July-02	0.0000	2.1800	2.1149	2.0149	1.8409
August-02	0.0000	2.1800	2.1149	2.0149	1.8409
September-02	0.0000	2.1800	2.1149	2.0149	1.8409
October-02	0.0000	2.1800	2.1149	2.0149	1.8409
November-02	0.0000	2.1800	2.1149	2.0149	1.8409
December-02	0.0000	2.1800	2.1149	2.0149	1.8409
January-03	0.0000	2.1800	2.1149	2.0149	1.8409
February-03	0.0000	2.1800	2.1149	2.0149	1.8409
March-03	0.0000	1.8715	1.8153	1.7296	1.5802
April-03	0.0000	1.8715	1.8153	1.7296	1.5802
May-03	0.0000	1.8715	1.8153	1.7296	1.5802
June-03	0.0000	1.8715	1.8153	1.7296	1.5802
July-03	0.0000	1.8715	1.8153	1.7296	1.5802
August-03	0.0000	1.8715	1.8153	1.7296	1.5802
September-03	0.0000	1.8715	1.8153	1.7296	1.5802
October-03	0.0000	1.8715	1.8153	1.7296	1.5802
November-03	0.0000	1.8715	1.8153	1.7296	1.5802
December-03	0.0000	1.8715	1.8153	1.7296	1.5802
January-04	0.0000	1.8715	1.8153	1.7296	1.5802
February-04	0.0000	1.8715	1.8153	1.7296	1.5802
March-04	0.0000	1.8715	1.8153	1.7296	1.5802
April-04	0.0000	1.8715	1.8153	1.7296	1.5802
May-04	0.0000	1.8715	1.8153	1.7296	1.5802
June-04	0.0000	1.8715	1.8153	1.7296	1.5802
July-04	0.0000	1.8715	1.8153	1.7296	1.5802
August-04	0.0000	1.8715	1.8153	1.7296	1.5802
September-04	0.0000	1.8715	1.8153	1.7296	1.5802
October-04	0.0000	1.8715	1.8153	1.7296	1.5802
November-04	0.0000	1.8715	1.8153	1.7296	1.5802
December-04	0.0000	1.8715	1.8153	1.7296	1.5802
January-05	0.0000	1.8715	1.8153	1.7296	1.5802
February-05	0.0000	1.8715	1.8153	1.7296	1.5802
March-05	0.0000	1.8715	1.8153	1.7296	1.5802
April-05	0.0000	1.8715	1.8153	1.7296	1.5802
May-05	0.0000	1.8715	1.8153	1.7296	1.5802
June-05	0.0000	1.8715	1.8153	1.7296	1.5802

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July-05	0.0000	1.8715	1.8153	1.7296	1.5802
August-05	0.0000	1.8715	1.8153	1.7296	1.5802
September-05	0.0000	1.8715	1.8153	1.7296	1.5802
October-05	0.0000	1.8715	1.8153	1.7296	1.5802
November-05	0.0000	1.8715	1.8153	1.7296	1.5802
December-05	0.0000	1.8715	1.8153	1.7296	1.5802
January-06	0.0000	1.8715	1.8153	1.7296	1.5802
February-06	0.0000	1.8715	1.8153	1.7296	1.5802
March-06	0.0000	1.8715	1.8153	1.7296	1.5802
April-06	0.0000	1.8715	1.8153	1.7296	1.5802
May-06	0.0000	1.8715	1.8153	1.7296	1.5802
June-06	0.0000	1.8715	1.8153	1.7296	1.5802
July-06	0.0000	1.8715	1.8153	1.7296	1.5802
August-06	0.0000	1.8715	1.8153	1.7296	1.5802
September-06	0.0000	1.8715	1.8153	1.7296	1.5802

c. Total bill per customer.

GSR	Total bill per Customer
January-01	215.74
February-01	152.09
March-01	140.87
April-01	94.72
May-01	38.45
June-01	27.70
July-01	20.32
August-01	18.61
September-01	19.18
October-01	29.57
November-01	55.87
December-01	67.99
January-02	135.22
February-02	105.41
March-02	96.46
April-02	64.78
May-02	32.08
June-02	24.76
July-02	17.23
August-02	16.57
September-02	14.88
October-02	19.06
November-02	49.11
December-02	111.00
January-03	136.05

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February-03	145.88
March-03	136.22
April-03	76.11
May-03	40.13
June-03	25.26
July-03	19.14
August-03	17.34
September-03	20.25
October-03	33.83
November-03	56.52
December-03	130.93
January-04	187.97
February-04	203.15
March-04	138.78
April-04	94.81
May-04	43.09
June-04	21.74
July-04	19.80
August-04	19.45
September-04	18.21
October-04	24.14
November-04	43.15
December-04	119.10
January-05	170.26
February-05	171.70
March-05	141.17
April-05	91.21
May-05	48.48
June-05	25.66
July-05	19.75
August-05	17.67
September-05	18.58
October-05	21.91
November-05	68.02
December-05	192.65
January-06	224.37
February-06	157.94
March-06	139.12
April-06	90.42
May-06	40.97
June-06	25.30
July-06	18.42
August-06	17.81
September-06	17.16
GSO	**Total bill per Customer**

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January-01	928.24
February-01	628.53
March-01	589.72
April-01	382.25
May-01	181.39
June-01	124.50
July-01	113.64
August-01	88.52
September-01	93.49
October-01	139.90
November-01	222.86
December-01	267.66
January-02	514.27
February-02	422.03
March-02	357.06
April-02	251.09
May-02	124.44
June-02	99.08
July-02	90.99
August-02	76.98
September-02	72.70
October-02	96.17
November-02	192.49
December-02	427.15
January-03	537.05
February-03	574.09
March-03	539.02
April-03	293.84
May-03	177.15
June-03	123.82
July-03	96.90
August-03	104.15
September-03	107.39
October-03	168.76
November-03	230.61
December-03	544.44
January-04	754.08
February-04	813.65
March-04	536.05
April-04	371.20
May-04	191.17
June-04	119.03
July-04	93.16
August-04	108.55
September-04	100.74
October-04	120.21
November-04	196.53
December-04	476.73
January-05	697.22

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February-05	691.12
March-05	577.54
April-05	350.34
May-05	196.06
June-05	137.50
July-05	105.37
August-05	114.10
September-05	95.44
October-05	143.25
November-05	422.30
December-05	858.74
January-06	1,028.19
February-06	731.11
March-06	634.15
April-06	420.63
May-06	256.64
June-06	155.30
July-06	113.50
August-06	125.98
September-06	120.04

d. Number of customers.

GSR	Customers
January-01	117,419
February-01	116,503
March-01	105,363
April-01	95,764
May-01	90,974
June-01	87,008
July-01	86,265
August-01	86,133
September-01	86,403
October-01	84,620
November-01	83,574
December-01	81,530
January-02	81,366
February-02	81,437
March-02	81,832
April-02	81,551
May-02	81,012
June-02	80,729
July-02	80,545
August-02	80,658
September-02	81,246
October-02	82,344
November-02	84,247

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December-02	86,178
January-03	87,158
February-03	87,582
March-03	87,767
April-03	87,162
May-03	86,461
June-03	84,725
July-03	83,117
August-03	83,246
September-03	83,538
October-03	84,891
November-03	85,431
December-03	86,742
January-04	87,383
February-04	87,778
March-04	87,528
April-04	87,041
May-04	86,265
June-04	85,592
July-04	86,749
August-04	86,604
September-04	86,738
October-04	87,550
November-04	89,248
December-04	90,963
January-05	91,832
February-05	92,083
March-05	92,310
April-05	91,763
May-05	90,839
June-05	89,933
July-05	89,360
August-05	89,158
September-05	89,209
October-05	95,958
November-05	97,877
December-05	99,692
January-06	100,303
February-06	98,811
March-06	98,361
April-06	97,661
May-06	96,467
June-06	95,983
July-06	95,335
August-06	95,399
September-06	95,609
GSO	**Customers**

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January-01	12,460
February-01	12,296
March-01	10,985
April-01	10,357
May-01	10,131
June-01	9,715
July-01	9,624
August-01	9,570
September-01	9,538
October-01	9,606
November-01	9,565
December-01	9,244
January-02	9,297
February-02	9,324
March-02	9,368
April-02	9,346
May-02	9,254
June-02	9,230
July-02	9,162
August-02	9,162
September-02	9,196
October-02	9,276
November-02	9,518
December-02	9,732
January-03	9,911
February-03	9,964
March-03	9,987
April-03	9,940
May-03	9,874
June-03	9,703
July-03	9,228
August-03	9,183
September-03	9,180
October-03	9,270
November-03	9,263
December-03	9,423
January-04	9,441
February-04	9,499
March-04	9,490
April-04	9,460
May-04	9,369
June-04	9,314
July-04	9,382
August-04	9,356
September-04	9,403
October-04	9,456
November-04	9,628
December-04	9,851
January-05	10,014

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February-05	10,063
March-05	10,078
April-05	10,064
May-05	9,982
June-05	9,942
July-05	9,871
August-05	9,872
September-05	9,838
October-05	10,898
November-05	11,064
December-05	11,282
January-06	11,290
February-06	11,156
March-06	11,061
April-06	10,910
May-06	10,764
June-06	10,719
July-06	10,697
August-06	10,636
September-06	10,634

e. Mcf per customer.

GSR	Mcf per Customer
January-01	21.3
February-01	14.8
March-01	12.2
April-01	8.4
May-01	2.9
June-01	1.9
July-01	1.4
August-01	1.3
September-01	1.3
October-01	2.4
November-01	5.2
December-01	7.4
January-02	15.5
February-02	11.9
March-02	11.9
April-02	7.7
May-02	3.4
June-02	2.2
July-02	1.3
August-02	1.2
September-02	1.2
October-02	1.8

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November-02	6.2
December-02	13.3
January-03	16.5
February-03	17.7
March-03	13.9
April-03	6.2
May-03	3.0
June-03	2.0
July-03	1.3
August-03	1.2
September-03	1.2
October-03	2.4
November-03	4.4
December-03	10.7
January-04	15.6
February-04	16.9
March-04	11.3
April-04	7.6
May-04	3.2
June-04	1.4
July-04	1.2
August-04	1.2
September-04	1.2
October-04	1.8
November-04	3.7
December-04	9.4
January-05	13.7
February-05	13.8
March-05	12.4
April-05	7.8
May-05	3.9
June-05	1.7
July-05	1.2
August-05	1.0
September-05	1.1
October-05	1.4
November-05	4.4
December-05	11.3
January-06	13.3
February-06	11.3
March-06	10.4
April-06	6.6
May-06	2.7
June-06	1.6
July-06	1.1
August-06	1.0
September-06	1.1
GSO	**Mcf per Customer**

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January-01	93.3
February-01	62.4
March-01	51.8
April-01	34.6
May-01	14.5
June-01	9.4
July-01	9.3
August-01	7.3
September-01	7.6
October-01	12.5
November-01	21.2
December-01	30.0
January-02	60.1
February-02	48.8
March-02	44.7
April-02	30.5
May-02	13.7
June-02	9.6
July-02	8.6
August-02	6.9
September-02	7.5
October-02	10.9
November-02	25.0
December-02	52.2
January-03	66.4
February-03	71.2
March-03	55.7
April-03	24.3
May-03	14.0
June-03	10.7
July-03	8.0
August-03	8.7
September-03	7.7
October-03	13.1
November-03	18.4
December-03	45.3
January-04	63.3
February-04	68.4
March-04	44.2
April-04	30.1
May-04	14.7
June-04	9.0
July-04	6.7
August-04	8.1
September-04	8.3
October-04	10.2
November-04	17.8

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December-04	38.3
January-05	56.8
February-05	56.3
March-05	51.3
April-05	30.5
May-05	16.3
June-05	10.3
July-05	7.5
August-05	8.3
September-05	6.9
October-05	11.2
November-05	28.7
December-05	51.2
January-06	61.5
February-06	53.2
March-06	48.1
April-06	31.4
May-06	18.6
June-06	11.6
July-06	8.1
August-06	9.1
September-06	10.0

f. Weather normalized Mcf per customer.

GSR	Normalized Mcf per Customer
January-01	16.6
February-01	15.2
March-01	12.0
April-01	7.8
May-01	3.7
June-01	1.9
July-01	1.4
August-01	1.3
September-01	1.3
October-01	2.2
November-01	5.7
December-01	10.5
January-02	15.7
February-02	14.5
March-02	11.9
April-02	7.8
May-02	3.5
June-02	1.7
July-02	1.3

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August-02	1.2
September-02	1.2
October-02	2.1
November-02	5.3
December-02	11.0
January-03	16.0
February-03	14.3
March-03	12.6
April-03	7.7
May-03	3.6
June-03	1.7
July-03	1.3
August-03	1.2
September-03	1.2
October-03	2.1
November-03	5.2
December-03	10.8
January-04	15.6
February-04	14.3
March-04	11.9
April-04	7.5
May-04	3.6
June-04	1.5
July-04	1.2
August-04	1.2
September-04	1.2
October-04	1.9
November-04	5.0
December-04	10.2
January-05	15.5
February-05	13.8
March-05	10.9
April-05	8.0
May-05	3.2
June-05	1.8
July-05	1.2
August-05	1.0
September-05	1.1
October-05	1.7
November-05	4.5
December-05	9.8
January-06	15.0
February-06	12.6
March-06	10.2
April-06	6.8
May-06	3.1
June-06	1.5
July-06	1.1
August-06	1.0

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September-06	1.0
GSO	**Normalized Mcf per Customer**
January-01	73.7
February-01	64.0
March-01	51.2
April-01	32.4
May-01	18.3
June-01	9.4
July-01	9.3
August-01	7.3
September-01	7.6
October-01	11.6
November-01	23.1
December-01	41.1
January-02	60.7
February-02	58.5
March-02	44.6
April-02	31.0
May-02	14.1
June-02	8.5
July-02	8.6
August-02	6.9
September-02	7.5
October-02	12.7
November-02	21.7
December-02	43.9
January-03	64.8
February-03	58.4
March-03	50.9
April-03	28.9
May-03	16.1
June-03	9.5
July-03	8.0
August-03	8.7
September-03	7.7
October-03	11.5
November-03	20.9
December-03	45.5
January-04	63.3
February-04	58.5
March-04	46.3
April-04	29.8
May-04	16.5
June-04	9.8
July-04	6.7

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August-04	8.1
September-04	8.3
October-04	10.5
November-04	22.7
December-04	41.1
January-05	63.6
February-05	56.4
March-05	45.9
April-05	31.2
May-05	14.2
June-05	10.8
July-05	7.5
August-05	8.3
September-05	6.9
October-05	12.8
November-05	29.1
December-05	46.0
January-06	67.8
February-06	58.0
March-06	47.5
April-06	31.9
May-06	19.9
June-06	11.6
July-06	8.1
August-06	9.1
September-06	9.8

Attorney General Data Request Set 1
Question No. **125**
Columbia Gas of Kentucky Respondent: **William Gresham**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 125

Please provide the electric cost information from the EIA alluded to on page 3 of Mr. Gresham's testimony.

Response of Columbia Gas of Kentucky:

Table 1 summarizes the comparison of Kentucky to the national average for the data provided in Table 2, which was downloaded from the EIA website.

Table 1

Energy Information Administration
Electric Power Annual with data for 2005
Report Released: October 4, 2006
Next Release Date: October 2007

Table 5.6.A. Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, December 2006 and 2005
(Cents per Kilowatthour)

Census Division and State	Residential		Commercial[1]		Industrial[1]		Transportation[1]		All Sectors	
	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05
Kentucky	7.19	6.52	6.67	5.91	4.22	3.27	--	--	5.62	4.88
US Total	9.81	9.27	8.97	8.79	5.96	5.94	9.26	8.23	8.49	8.21
KY v US Total	-27%	-30%	-26%	-33%	-29%	-45%			-34%	-41%

Table2

Energy Information Administrati
Electric Power Annual with data for 2005
Report Released: October 4, 2006
Next Release Date: October 2007

Table 5.6.A. Average Retail Price of Electricity to Ultimate Customers by End-Use Sector, by State, December 2006 and 2005
(Cents per Kilowatthour)

Census Division and State	*Residential*		*Commercial*[1]		*Industrial*[1]		Transportation[1]		*All Sectors*	
	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05	Dec-06	Dec-05
New England	16.4	13.86	14.23	12.61	12.69	10	7.52	5.96	14.8	12.66
Connecticut	17.91	13.42	14.92	11.56	13.14	9.58	13.21	8.98	15.98	12.14
Maine	14.06	10.84	13.04	12.36	12.52	8.25	--	--	13.32	10.65
Massachusetts	16.94	14.9	14.66	13.05	13.37	10.13	4.86	4.48	15.24	13.23
New Hampshire	14.89	14.18	13.48	13.27	13.04	14.04	--	--	13.99	13.79
Rhode Island	14.25	15.01	12.57	13.5	12.13	11.67	--	--	13.16	13.82
Vermont	13.34	12.92	11.74	11.47	8.16	7.97	--	--	11.38	11.1
Middle Atlantic	12.54	12.29	11.18	12.04	7.33	7.64	10.4	10.2	10.88	11.23
New Jersey	12.46	11.13	11.27	10.61	9.25	11.1	9.77	8.28	11.47	10.86
New York	15.54	16.53	12.9	14.83	8.22	8.55	11.15	11.5	13.07	14.53
Pennsylvania	10.12	9.36	8.2	8.55	6.57	6.43	7.84	6.84	8.44	8.23
East North Central	8.67	7.88	8.04	7.54	5.32	4.93	5.64	5.5	7.34	6.75
Illinois	7.68	7.38	7.48	7.2	4.69	4.44	5.06	5.05	6.69	6.39
Indiana	7.83	7.25	7.14	6.71	4.77	4.38	9.85	9.24	6.33	5.89
Michigan	9.87	8.15	8.83	8.04	6.23	5.34	10.94	--	8.46	7.19
Ohio	8.65	7.81	8.27	7.8	5.57	5.32	--	--	7.49	6.96
Wisconsin	10.2	9.69	8.25	7.78	5.8	5.51	--	--	8.08	7.7
West North Central	7.25	7.12	6.03	5.98	4.52	4.56	5.94	4.94	6.06	6.02
Iowa	8.57	8.7	6.59	6.74	4.37	4.5	--	--	6.36	6.5
Kansas	6.98	7.24	5.9	6.29	4.45	4.89	--	--	5.86	6.23
Minnesota	8.05	8.05	6.71	6.57	5.1	5.3	7.16	6.17	6.67	6.68
Missouri	6.63	6.24	5.45	5.24	4.17	3.92	4.7	3.7	5.7	5.41
Nebraska	6.44	6.2	5.81	5.52	4.24	3.94	--	--	5.59	5.29
North Dakota	6.35	6.33	5.81	5.93	3.96	3.92	--	--	5.54	5.58
South Dakota	7.27	7.22	6.08	6.14	4.96	4.65	--	--	6.4	6.36
South Atlantic	9.38	8.58	8.43	7.81	5.63	5.6	8.78	6.18	8.27	7.7
Delaware	12.67	8.68	11.72	7.55	4.5	6.83	--	--	10.12	7.82
District of Columbia	9.56	8.96	11.3	9.76	7.25	16.59	9.96	5.8	10.75	9.58
Florida	11.21	9.81	9.92	8.31	7.43	6.68	10.25	7.73	10.33	8.9
Georgia	8.31	8.64	7.75	8.69	5.12	6.28	5.66	6.72	7.31	8.06
Maryland	9.66	7.88	11.43	9.77	10.04	7.24	9.75	5.69	10.24	8.16
North Carolina	8.93	8.43	7.29	6.95	5.15	5	--	--	7.57	7.22
South Carolina	9	8.79	7.72	7.82	4.8	4.76	--	--	7.09	7.04
Virginia	7.89	7.44	6.02	6.11	4.67	4.56	6.67	7.05	6.63	6.47
West Virginia	6.2	5.92	5.57	5.46	3.74	3.81	7.38	7.25	5.09	5.1
East South Central	7.74	7.55	7.77	7.64	4.69	4.42	9.35	11.21	6.54	6.35
Alabama	8.13	8.03	8.09	7.97	4.54	4.76	--	--	6.66	6.67
Kentucky	7.19	6.52	6.67	5.91	4.22	3.27	--	--	5.62	4.88
Mississippi	8.06	9.27	7.93	9.86	5.26	5.83	--	--	7.06	8.18
Tennessee	7.7	7.3	8.22	7.71	5.29	4.97	9.35	11.21	7.08	6.67
West South Central	10.09	10.39	8.52	9.09	6.7	7.4	8.67	8.43	8.52	9.04
Arkansas	8.24	8.12	6.67	6.36	5.08	4.68	--	--	6.64	6.37
Louisiana	8.28	9.74	8.47	10.15	5.94	8.28	--	--	7.45	9.28
Oklahoma	6.15	7.46	5.57	6.98	4.37	5.29	--	--	5.48	6.7
Texas	11.54	11.42	9.17	9.51	7.61	8.02	8.43	8.41	9.56	9.78
Mountain	8.3	8.34	7.2	7.37	5.21	5.72	4.93	5.81	7.03	7.25
Arizona	8.51	7.88	7.55	6.85	5.66	5.74	--	--	7.64	7.09
Colorado	8.42	9.62	6.97	8.47	5.48	6.38	--	4.22	7.15	8.38
Idaho	5.67	6.08	4.67	5.28	3.31	3.69	--	--	4.78	5.21
Montana	8.07	7.92	7.48	7.44	5.24	5.53	--	--	7.08	7.01
Nevada	11.22	10.8	10.22	10.19	7.35	8.48	9.05	8.92	9.39	9.7
New Mexico	8.59	9.2	7.54	8.04	5.22	6.39	--	--	7.16	7.9
Utah	7.3	7.16	5.72	5.39	3.72	3.62	6.69	6.34	5.5	5.44
Wyoming	7.49	6.92	6.15	5.89	4.12	3.86	--	--	5.32	5.06
Pacific Contiguous	11.31	10.25	10.4	9.59	7.41	7.24	8.17	6.69	10.21	9.36
California	14.48	12.91	11.82	10.79	8.65	8.95	8.22	6.72	12.17	11.15
Oregon	7.55	7.41	7.03	6.57	5.02	5.14	6.13	5.9	6.85	6.65
Washington	7.1	6.68	6.86	6.52	5.66	4.62	5.69	5.85	6.76	6.16
Pacific Noncontiguous	18.91	18.88	16.22	16.72	15.67	16.08	--	--	16.96	17.25
Alaska	15.29	14.08	11.98	11.65	13.21	11.15	--	--	13.47	12.48
Hawaii	21.94	22.7	19.95	21.15	16.49	17.59	--	--	19.28	20.31
U.S. Total	9.81	9.27	8.97	8.79	5.96	5.94	9.26	8.23	8.49	8.21

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Question No. 126

Has the Company verified that its heating load varies from normal in direct proportion to the variation in HDD from normal? If so, provide the documentation for that verification.

Response of Columbia Gas of Kentucky:

The company has made the assumption that within each billing month there is a direct proportion between HDD and temperature sensitive volume per customer. No verification procedure has been identified or performed. The direct proportion is not assumed across the heating season. In fact, the seasonal change in the relationship between customer consumption and HDD is one of the most important aspects to capture in weather normalization. The company has observed that volume/customer/HDD starts out low as the heating season begins (*i.e.* when the ground, ground water and structures are retaining summer heat and not all furnaces are running) and builds as the season progresses. The ratio typically peaks during the March billing cycle then falls as the weather warms and furnaces are turned off.

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Question No. 127

Please provide any studies of the appliance penetration in the Company's customer base.

Response of Columbia Gas of Kentucky:

The accompanying table summarizes the most recent saturation studies for Columbia Gas of Kentucky. These represent saturations of appliances for the Company's customer base. The company has no market penetration studies.

1987-1999 RESIDENTIAL MARKET SATURATIONS*

Columbia Gas of Kentucky

	1987	1990	1993	1996	1999
GAS HEATING SYSTEM**	98.0	98.6	98.4	98.4	97.1
GAS FURNACE/BOILER	92.1	90.1	91.2	92.5	91.2
GAS ROOM HEATER	12.7	13.1	9.8	9.3	9.4
ADD-ON HEAT PUMP+	0.3	0.8	0.7	1.2	1.4
GAS WATER HEAT	87.2	86.9	85.0	82.1	81.7
GAS RANGE	35.9	35.0	31.8	28.2	26.6
GAS DRYER	7.9	8.2	6.8	6.2	6.9
GAS LIGHT	0.4	0.9	0.7	0.4	1.4
GAS LOGS	4.6	9.0	12.2	15.9	25.7
GAS LIGHTER		8.9	8.0	7.5	7.1
GAS GRILL	6.6	4.4	3.7	3.6	4.9
GAS POOL HEATER ++	0.2	0.7	0.4	0.6	1.0
GAS HOT TUB HEATER++		0.6	0.3	0.1	0.3

* 1987 data is not available for Gas Lighter or Gas Hot Tub Heater

** Gas Heating System combines Gas Furnace/Boiler and Gas Room Heater categories.

+ Percentages have been reduced to reflect an error factor calculated by inspecting a random sample of the respondents' homes

++ Percentages for single family homes only

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Question No. 128

Please provide any studies in the Company's possession that would shed light on trends in penetration of gas as a fuel or in the gas use per customer.

Response of Columbia Gas of Kentucky:

The accompanying tables show weather normalized volume per residential customer trends for regions as reported by the American Gas Association and by company for the NiSource gas distribution companies. Please see AG Set 1-127 for NiSource appliance saturation studies.

**Annual Winter Season Weather Normal
Natural Gas Use per Residential Customer,
By Region for the U.S.
(Dekatherms per Customer)**

Census Region	2000	2001	2002	2003	2004	2005	2006	Percent Change 2006 vs 2000
National	64.3	62.8	60.6	62.0	61.9	58.9	55.9	-13.1%
East North Central	81.1	79.2	80.1	77.8	76.1	73.1	70.2	-13.4%
East South Central	64.9	64.2	61.3	62.2	60.8	58.7	55.9	-13.9%
Middle Atlantic	93.7	95.0	91.2	93.5	92.8	88.3	85.1	-9.2%
Mountain	80.6	77.9	75.8	76.4	71.8	72.0	70.5	-12.5%
New England	80.7	79.8	75.3	82.3	80.3	75.9	72.4	-10.3%
Pacific	43.8	40.9	40.0	41.8	40.6	40.4	37.3	-14.8%
South Atlantic	71.7	69.4	63.8	69.1	62.0	62.5	62.5	-12.8%
West North Central	80.1	79.5	79.8	80.4	78.3	75.9	70.2	-12.4%
West South Central	46.3	46.4	40.2	44.1	54.1	41.7	40.6	-12.3%

Source: An Economic Analysis of Consumer Response to Natural Gas Prices, AGA, 2007

**NiSource Annual Weather Normal
Natural Gas Use per Residential Customer by Company**

Company	2000	2001	2002	2003	2004	2005	2006	Percent Change 2006 vs 2000
Columbia Gas of Kentucky	90.2	85.9	84.0	84.4	81.8	78.6	73.6	-18.4%
Columbia Gas of Ohio	103.8	101.1	100.1	98.8	95.3	91.4	87.7	-15.5%
Columbia Gas of Maryland	103.0	93.5	92.4	94.1	91.9	87.8	82.5	-19.9%
Columbia Gas of Pennsylvania	110.1	107.5	104.5	103.9	102.3	96.5	90.8	-17.5%
Columbia Gas of Virginia	82.5	77.6	76.4	78.1	77.6	74.2	71.1	-13.7%
Northern Indiana Public Services	108.4	103.1	105.8	103.0	101.3	97.3	90.8	-16.3%
Northern Utility, Maine	86.1	81.1	80.2	81.8	81.7	78.3	75.1	-12.8%
Northern Utility, New Hampshire	96.0	91.2	88.8	87.7	92.6	84.9	83.4	-13.1%
Bay State Gas Company	116.3	110.8	108.5	109.7	110.6	103.3	102.5	-11.8%

Source: NiSource, Inc.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 129

Please provide the four most recently approved Gas Cost Adjustment (GCA) calculations. If the Company has filed an application for a GCA that has not yet been approved, please provide the application.

Response of Columbia Gas of Kentucky:

The four most recently approved GCA calculations are attached. They are March 2007 (Attachment 1), December 2006 (Attachment 2), September 2006 (Attachment 3), and June 2006 (Attachment 4).

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2007 -

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE MARCH 2007 BILLINGS

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

2007-00008 AG Set 1-129 Attachment 1.pdf

Line		December-06 CURRENT	March-07 PROPOSED	DIFFERENCE
1	Commodity Cost of Gas	$9.0113	$8.0468	($0.9645)
2	Demand Cost of Gas	$1.3899	$1.3663	($0.0236)
3	Total: Expected Gas Cost (EGC)	$10.4012	$9.4131	($0.9881)
4	SAS Refund Adjustment	($0.0002)	($0.0002)	$0.0000
5	Balancing Adjustment	$0.0006	($1.1408)	($1.1414)
6	Supplier Refund Adjustment	($0.0131)	($0.0007)	$0.0124
7	Actual Cost Adjustment	($1.9761)	($1.9761)	$0.0000
8	Gas Cost Incentive Adjustment	$0.0230	$0.0281	$0.0051
9	Cost of Gas to Tariff Customers (GCA)	$8.4354	$6.3234	($2.1120)
10	Transportation TOP Refund Adjustment	$0.0000	$0.0000	$0.0000
11	Banking and Balancing Service	$0.0206	$0.0206	$0.0000
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	$6.5482	$6.5662	$0.0180

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
Mar 07 - May 07

2007-00008 AG Set 1-129 Attachment 1.pdf

Line No.	Description			Amount	Expires
1	Expected Gas Cost (EGC)	Schedule No. 1		$9.4131	
2	Actual Cost Adjustment (ACA)	Schedule No. 2		($1.9761)	8-31-07
3	SAS Refund Adjustment (RA)	Schedule No. 5		($0.0002)	8-31-07
4	Supplier Refund Adjustment (RA)	Schedule No. 4		($0.0007)	05-31-07
		Total Refunds		($0.0007)	
5	Balancing Adjustment (BA)	Schedule No. 3		($1.1408)	8-31-07
6	Gas Cost Incentive Adjustment	Schedule No. 6		$0.0051	2-28-08
				$0.0230	5-31-07
			Total GCIA	$0.0281	
7	Gas Cost Adjustment				
8	Mar 07 - May 07			$6.3234	
9	Expected Demand Cost (EDC) per Mcf				
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4		$6.5662	

DATE FILED: January 30, 2007 **BY: J. M. Cooper**

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
Mar 07 - May 07

Schedule No. 1
Sheet 1

Line No.	Description		Reference	Volume A/ Mcf (1)	Dth. (2)	Rate Per Mcf (3)	Per Dth (4)	Cost (5)
	Storage Supply							
	Includes storage activity for sales customers only							
	Commodity Charge							
1	Withdrawal				(1,419,000)		$0.0153	$21,711
2	Injection				2,089,000		$0.0153	$31,962
3	Withdrawals: gas cost includes pipeline fuel and commodity charges				1,419,000		$7.1632	$10,164,539
	Total							
4	Volume	= 3			1,419,000			
5	Cost	sum(1:3)						$10,218,212
6	Summary	4 or 5			1,419,000			$10,218,212
	Flowing Supply							
	Excludes volumes injected into or withdrawn from storage.							
	Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian		Sch.1, Sht. 5, Ln. 4		1,286,000			$9,117,688
8	Appalachian Supplies		Sch.1, Sht. 6, Ln. 4		125,000			$809,000
9	Less Fuel Retention By Interstate Pipelines		Sch. 1,Sheet 7, Lines 21, 22		(171,000)			($1,212,314)
10	Total	7 + 8 + 9			1,240,000			$8,714,373
	Total Supply							
11	At City-Gate		Line 6 + 10		2,659,000			$18,932,585
	Lost and Unaccounted For							
12	Factor				-0.9%			
13	Volume		Line 11 * 12		(23,931)			
14	At Customer Meter		Line 11 + 13		2,635,069			
15	**Sales Volume**		Line 14	2,489,672	2,635,069			
	Unit Costs $/MCF							
	Commodity Cost							
16	Excluding Cost of Pipeline Retention		Line 11 / Line 15			$7.6044		
17	Annualized Unit Cost of Retention		Sch. 1,Sheet 7, Line 24			$0.4424		
18	Including Cost of Pipeline Retention		Line 16 + 17			$8.0468		
19	Demand Cost		Sch.1, Sht. 2, Line 9			$1.3663		
20	Total Expected Gas Cost (EGC)		Line 18 + 19			$9.4131		

A/ BTU Factor = 1.0584 Dth/MCF

Columbia Gas of Kentucky, Inc.
GCA Unit Demand Cost
Mar 07 - May 07

Schedule No. 1
Sheet 2

Line No.	Description		Reference		
1	Expected Demand Cost: Annual Mar 2007 - Feb 2008		Sch. No.1, Sheet 3, Ln. 41	$20,018,209	
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery		Sch. No.1, Sheet 4, Ln. 10	-$450,545	
3	Less Storage Service Recovery from Delivery Service Customers			-$228,832	
4	Net Demand Cost Applicable	1 + 2 + 3		$19,338,832	
	Projected Annual Demand: Sales + Choice Dec 2006 -Nov 2007				
	At city-gate				
	In Dth			15,117,000	Dth
	Heat content			1.0584	Dth/MCF
5	In MCF			14,282,880	MCF
	Lost and Unaccounted - For				
6	Factor			0.9%	
7	Volume	5 * 6		128,546	MCF
8	At Customer Meter	5 - 7		14,154,334	MCF
9	Unit Demand Cost (7 / 10)	To Sheet 1, line 19		$1.3663	per MCF

Columbia Gas of Kentucky, Inc.
Annual Demand Cost of Interstate Pipeline Capacity
Mar 2007 - Feb 2008

Schedule No. 1
Sheet 3

Line No.	Description		Dth	Monthly Rate $/Dth	# Months	Expected Annual Demand Cost
	Columbia Gas Transmission Corporation					
	Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)		220,880	$1.5000	12	$3,975,840
2	FSS Seasonal Contract Quantity (SCQ)		11,264,911	$0.0288	12	$3,893,153
	Storage Service Transportation (SST)					
3	Summer	Apr. - Sept. 07	110,440	$4.1850	6	$2,773,148
4	Winter	Mar. 07, Oct - Dec. 07, Jan - Feb 08	220,880	$4.1850	6	$5,546,297
5	Firm Transportation Service (FTS)		20,014	$5.9410	12	$1,426,838
6	Subtotal	sum(1:5)				$17,615,277
	Columbia Gulf Transmission Company					
11	FTS - 1 (Mainline)		28,991	$3.1450	12	$1,094,120
	Tennessee Gas					
21	Firm Transportation		20,506	$4.6238	12	$1,137,788
	Central Kentucky Transmission					
31	Firm Transportation		28,000	$0.5090	12	$171,024
41	**Total.** Used on Sheet 2, line 1					$20,018,209

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Expected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers
Mar 2007 - Feb 2008

Line No.	Description		Capacity Daily Dth (1)	# Months (2)	Annualized Dth (3) = (1) x (2)	Units	Annual Cost (3)
1	Expected Demand Costs (Per Sheet 3)						$20,018,209
	City-Gate Capacity:						
	Columbia Gas Transmission						
2	Firm Storage Service - FSS		220,880	12	2,650,560		
3	Firm Transportation Service - FTS		20,014	12	240,168		
4	Central Kentucky Transportation		28,000	12	336,000		
5	Total	2 + 3 + 4			3,226,728	Dth	
6	Divided by Average BTU Factor				1.0584	Dth/MCF	
7	Total Capacity - Annualized	Line 5/ Line 6			3,048,685	Mcf	
8	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity Applicable to Rate Schedules IS/SS and GSO Line 1 / Line 7				$6.5662	/Mcf	
9	Firm Volumes of IS/SS and GSO Customers		5,718	12	68,616	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers	Line 8 * Line 9			to Sheet 2, line 2		$450,545

Columbia Gas of Kentucky, Inc. Schedule No. 1
Non-Appalachian Supply: Volume and Cost Sheet 5
Mar 07 - May 07

Cost includes transportation commodity cost and retention by the interstate pipelines,
but excludes pipeline demand costs.
The volumes and costs shown are for sales customers only.

		Total Flowing Supply Including Gas Injected Into Storage				Net Flowing Supply for Current Consumption	
Line No.	Month	Volume A/ Dth (1)	Cost (2)	Unit Cost $/Dth (3) = (2) / (1)	Net Storage Injection Dth (4)	Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Mar-07	26,000	$824,000	$31.69	0	26,000	$824,000
2	Apr-07	1,614,000	$10,566,000	$6.55	(807,000)	807,000	$5,283,000
3	May-07	1,735,000	$11,531,000	$6.65	(1,282,000)	453,000	$3,010,688
4	Total 1+2+3	3,375,000	$22,921,000	$6.79	(2,089,000)	1,286,000	$9,117,688

A/ Gross, before retention.

Columbia Gas of Kentucky, Inc.
Appalachian Supply: Volume and Cost
Mar 07 - May 07

Schedule No. 1
Sheet 6

Line No.	Month		Dth (2)	Cost (3)
1	Mar-07		56,000	$359,000
2	Apr-07		38,000	$247,000
3	May-07		31,000	$203,000
4	Total	1 + 2 + 3	125,000	$809,000

Columbia Gas of Kentucky, Inc.
Annualized Unit Charge for Gas Retained by Upstream Pipelines
Mar 07 - May 07

Schedule No. 1
Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

			Units	Mar 07 - May 07	June - Aug 07	Sept - Nov 07	Dec 07 - Feb 08	Annual Mar 2007 - Feb 2008
	Gas purchased by CKY for the remaining sales customers							
1	Volume		Dth	3,500,000	4,633,000	2,478,000	1,504,000	12,115,000
2	Commodity Cost Including Transportation			$23,730,000	$31,576,000	$17,459,000	$13,125,000	$85,890,000
3	Unit cost		$/Dth					$7.0896
	Consumption by the remaining sales customers							
11	At city gate		Dth	2,658,000	748,000	1,970,000	6,056,000	11,432,000
12	Lost and unaccounted for portion			0.90%	0.90%	0.90%	0.90%	
	At customer meters							
13	In Dth	(100% - 12) * 11	Dth	2,634,078	741,268	1,952,270	6,001,496	11,329,112
14	Heat content		Dth/MCF	1.0584	1.0584	1.0584	1.0584	
15	In MCF	13 / 14	MCF	2,488,736	700,367	1,844,548	5,670,348	10,703,998
16	Portion of annual	line 15, quarterly / annual		23.3%	6.5%	17.2%	53.0%	100.0%
	Gas retained by upstream pipelines							
21	Volume		Dth	171,000	200,000	124,000	173,000	668,000
	Cost			To Sheet 1, line 9				
22	Quarterly. Deduct from Sheet 1	3 * 21		$1,212,314	$1,417,912	$879,105	$1,226,494	$4,735,825
23	Allocated to quarters by consumption			$1,101,104	$309,867	$816,093	$2,508,761	$4,735,825
				To Sheet 1, line 17				
24	Annualized unit charge	23 / 15	$/MCF	$0.4424	$0.4424	$0.4424	$0.4424	$0.4424

COLUMBIA GAS OF KENTUCKY, INC.

Schedule No. 1
Sheet 8

DETERMINATION OF THE BANKING AND BALANCING CHARGE
FOR THE PERIOD BEGINNING DECEMBER 2006

Line No.	Description	Dth	Detail	Amount For Transportation Customers
1	Total Storage Capacity. Sheet 3, line 4	11,264,911		
2	Net Transportation Volume	11,753,240		
3	Contract Tolerance Level @ 5%	587,662		
4	Percent of Annual Storage Applicable			
5	to Transportation Customers		5.22%	
6	Seasonal Contract Quantity (SCQ)			
7	Rate		$0.0288	
8	SCQ Charge - Annualized		$3,893,153	
9	Amount Applicable To Transportation Customers			$203,223
10	FSS Injection and Withdrawal Charge			
11	Rate		0.0306	
12	Total Cost		$344,706	
13	Amount Applicable To Transportation Customers			$17,994
14	SST Commodity Charge			
15	Rate		0.0157	
16	Total Cost		$145,894	
17	Amount Applicable To Transportation Customers			$7,616
18	Total Cost Applicable To Transportation Customers			$228,832
19	Total Transportation Volume - Mcf			18,658,484
20	Flex and Special Contract Transportation Volume - Mcf			(7,553,760)
21	Net Transportation Volume - Mcf	line 19 + line 20		11,104,724
22	Banking and Balancing Rate - Mcf.	Line 18 / line 21. To line 11 of the GCA Comparison		$0.0206

BALANCE ADJUSTMENT

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF BALANCING ADJUSTMENT
TO BE EFFECTIVE MARCH 1, 2007

Line No.	Description	Detail $	Amount $
1	**RECONCILIATION OF A PREVIOUS SUPPLIER REFUND ADJUSTMENT (a)**		
2	Total adjustment to have been distributed to		
3	customers in Case No. 2005-00444	($766)	
4	Less: actual amount distributed	($979)	
5	REMAINING AMOUNT		$213
6	RECONCILIATION OF A PREVIOUS **SAS REFUND ADJUSTMENT (a)**		
7	Total adjustment to have been distributed to		
8	customers in Case No. 2005-00318	($2,274)	
9	Less: actual amount distributed	($938)	
10	REMAINING AMOUNT		($1,336)
11	RECONCILIATION OF A PREVIOUS BALANCING ADJUSTMENT (a)		
12	Total adjustment to have been collected from		
12	customers in Case No. 2006-00062	($7,860)	
13	Less: actual amount collected	($8,849)	
14	REMAINING AMOUNT		$989
15	**RECONCILIATION OF** *PREVIOUS ACTUAL COST ADJUSTMENT (a)*		
16	Total adjustment to have been collected from		
17	customers in Case No. 2005-00318	($11,567,394)	
18	Less: actual amount collected	($6,693,882)	
19	REMAINING AMOUNT		($4,873,512)
20	**TOTAL BALANCING ADJUSTMENT AMOUNT**		**($4,873,645)**
21	Divided by: projected sales volumes for the six months		
22	ended August 31, 2007		4,272,212 Mcf
23	**BALANCING ADJUSTMENT (BA) TO**		
24	**EXPIRE AUGUST 31, 2007**		$ (1.1408)

Columbia Gas of Kentucky, Inc.
Supplier Refund Adjustment
Supporting Data

Case No. 2005-00444

Expires: November 30, 2006	Volume	Refund Rate	Refund Amount	Refund Balance
				($766.16)
December 2005	1,513,507	($0.0001)	($151.35)	($614.81)
January 2006	1,867,283	($0.0001)	($186.73)	($428.08)
February 2006	1,538,461	($0.0001)	($153.85)	($274.23)
March 2006	1,422,086	($0.0001)	($142.21)	($132.02)
April 2006	900,150	($0.0001)	($90.02)	($42.00)
May 2006	418,455	($0.0001)	($41.85)	($0.15)
June 2006	241,714	($0.0001)	($24.17)	$24.02
July 2006	187,752	($0.0001)	($18.78)	$42.80
August 2006	169,594	($0.0001)	($16.96)	$59.76
September 2006	199,642	($0.0001)	($19.96)	$79.72
October 2006	373,387	($0.0001)	($37.34)	$117.06
November 2006	958,530	($0.0001)	($95.85)	$212.91
December 2006	16,081	($0.0001)	($1.61)	$214.52
			($979.07)	

SUMMARY:	
REFUND AMOUNT	($766.16)
AMOUNT ACTUALLY REFUNDED	($979.07)
TOTAL REMAINING TO BE COLLECTED	$212.91

Columbia Gas of Kentucky, Inc.
SAS Refund Adjustment
Supporting Data

Case No. 2005-00318

Expires: August 31, 2006	Volume	Refund Rate	Refund Amount	Refund Balance
				($2,274.10)
September 2005	184,443	($0.0001)	($18.44)	($2,255.66)
October 2005	238,197	($0.0001)	($23.82)	($2,231.84)
November 2005	681,321	($0.0001)	($68.13)	($2,163.71)
December 2005	1,522,244	($0.0001)	($152.22)	($2,011.49)
January 2006	1,867,283	($0.0001)	($186.73)	($1,824.76)
February 2006	1,538,461	($0.0001)	($153.85)	($1,670.91)
March 2006	1,422,086	($0.0001)	($142.21)	($1,528.70)
April 2006	900,150	($0.0001)	($90.02)	($1,438.68)
May 2006	418,455	($0.0001)	($41.85)	($1,396.83)
June 2006	241,714	($0.0001)	($24.17)	($1,372.66)
July 2006	187,752	($0.0001)	($18.78)	($1,353.88)
August 2006	169,594	($0.0001)	($16.96)	($1,336.92)
September 2006	9,067	($0.0001)	($0.91)	($1,336.01)
			($938.09)	

SUMMARY:	
REFUND AMOUNT	($2,274.10)
AMOUNT ACTUALLY REFUNDED	($938.09)
TOTAL REMAINING TO BE REFUNDED	($1,336.01)

Columbia Gas of Kentucky, Inc.
Balancing Adjustment
Supporting Data

Case No. 2006-00062

Expires: 9/30/06	Volume	Surcharge Rate	Surcharge Amount	Surcharge Balance
Beginning Balance				($7,860.00)
March 2006	1,435,192	-$0.0026	($3,731.50)	($4,128.50)
April 2006	919,924	-$0.0026	($2,391.80)	($1,736.70)
May 2006	428,787	-$0.0026	($1,114.85)	($621.85)
June 2006	247,784	-$0.0026	($644.24)	$22.39
July 2006	189,505	-$0.0026	($492.71)	$515.10
August 2006	173,351	-$0.0026	($450.71)	$965.81
September 2006	9,066	-$0.0026	($23.57)	$989.38
TOTAL SURCHARGE COLLECTED			($8,849.38)	

SUMMARY:	
SURCHARGE AMOUNT	($7,860.00)
AMOUNT ACTUALLY COLLECTED	($8,849.38)
AMOUNT TO BE COLLECTED	$989.38

Columbia Gas of Kentucky, Inc.
Actual Cost Adjustment YR2005
Supporting Data

Case No. 2005-00318

Expires: August 31, 2006

	Tariff Volume	Tariff Surcharge Rate	Tariff Surcharge Amount	Choice Volume	Choice Surcharge Rate	Choice Surcharge Amount	Surcharge Balance
							($11,567,394.00)
September 2005	184,443	($0.7033)	($129,718.76)	2,646	($0.8559)	($2,264.71)	($11,435,410.53)
October 2005	238,197	($0.7033)	($167,523.95)	2,916	($0.8559)	($2,495.80)	($11,265,390.78)
November 2005	681,321	($0.7033)	($479,173.06)	5,556	($0.8559)	($4,755.38)	($10,781,462.34)
December 2005	1,522,244	($0.7033)	($1,070,594.21)	9,927	($0.8559)	($8,496.52)	($9,702,371.61)
January 2006	1,867,283	($0.7033)	($1,313,260.13)	10,140	($0.8559)	($8,678.83)	($8,380,432.65)
February 2006	1,538,461	($0.7033)	($1,081,999.62)	17,095	($0.8559)	($14,631.61)	($7,283,801.42)
March 2006	1,422,086	($0.7033)	($1,000,153.08)	22,652	($0.8559)	($19,387.85)	($6,264,260.49)
April 2006	900,150	($0.7033)	($633,075.50)	19,774	($0.8559)	($16,924.57)	($5,614,260.42)
May 2006	418,455	($0.7033)	($294,299.40)	10,332	($0.8559)	($8,843.16)	($5,311,117.86)
June 2006	241,714	($0.7033)	($169,997.46)	6,070	($0.8559)	($5,195.31)	($5,135,925.09)
July 2006	187,752	($0.7033)	($132,045.98)	1,753	($0.8559)	($1,500.39)	($5,002,378.02)
August 2006	169,594	($0.7033)	($119,275.46)	3,757	($0.8559)	($3,215.62)	($4,879,887.64)
September 2006	9,067	($0.7033)	($6,376.82)	(1)	($0.8559)	$0.86	($4,873,511.68)
			($6,597,493.43)			($96,388.89)	

SUMMARY:

SURCHARGE AMOUNT	($11,567,394.00)
AMOUNT ACTUALLY COLLECTED	($6,693,882.32)
TOTAL REMAINING TO BE COLLECTED	($4,873,511.68)

PIPELINE COMPANY TARIFF SHEETS

DETAIL SUPPORTING

DEMAND/COMMODITY SPLIT

PROPOSED TARIFF SHEETS

GAS COST INCENTIVE ADJUSTMENT

COLUMBIA GAS OF KENTUCKY, INC.

GAS COST INCENTIVE ADJUSTMENT

Line No.	Description	Amount
1	Amount to be recovered For period April - October 2006	$72,790.90
2	Divided By: Projected Sales for the Twelve Months Ended February 28, 2008	14,283,000
3	Gas Cost Incentive Adjustment per Mcf Effective March 1, 2007 - February 28, 2008	$ 0.0051

DETAIL SUPPORTING

DEMAND/COMMODITY SPLIT

COLUMBIA GAS OF KENTUCKY
CASE NO. 2007- Effective March 2007 Billing Cycle

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	$1.3663	
Demand ACA (Schedule No. 2, Sheet 1, Line 26)	0.0503	
Refund Adjustment (Schedule No. 4)	-0.0007	
SAS Refund Adjustment (Schedule No. 5)	-0.0002	
Total Demand Rate per Mcf	$1.4157	<--- to Att. E, line 21
Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	$8.0468	
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$2.0264	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-$1.1408	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0281	
Total Commodity Rate per Mcf	$4.9077	
CHECK:	$1.4157	
	$4.9077	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	$6.3234	
Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment		
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$2.0264	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-$1.1408	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0281	
Total Commodity Rate per Mcf	-$3.1391	

Columbia Gas of Kentucky, Inc.
CKY Choice Program
100% Load Factor Rate of Assigned FTS Capacity
Balancing Charge
Mar 07 - May 07

Line No.	Description		*Contract* Volume Dth Sheet 3 (1)	Retention (2)	Monthly *demand* charges $/Dth Sheet 3 (3)	# *months* A/ (4)	*Assignment* proportions lines 4, 5 (5)	Adjustment for retention on *downstream* pipe, if any (6) = 1 / (100%- col2)	Annual costs $/Dth (7) = 3 * 4 * 5 * 6	Annual costs $/MCF
	City gate capacity assigned to Choice marketers									
	Contract									
1	CKT FTS/SST		*28,000*	*0.644%*						
2	TCO FTS		20,014	2.007%						
3	Total		48,014							
	Assignment Proportions									
4	CKT FTS/SST	1 / 3	58.32%							
5	TCO FTS	2 / 3	41.68%							
	Annual demand cost of capacity assigned to choice marketers									
6	CKT FTS				$0.5090	12	0.5832	1.0000	$3.5620	
7	TCO FTS				$5.9410	12	0.4168	1.0000	$29.7171	
8	Gulf FTS-1, upstream to CKT FTS				$3.1450	12	0.5832	1.0065	$22.1512	
9	TGP FTS-A, upstream to TCO FTS				$4.6238	12	0.4168	1.0205	$23.6021	
10	Total Demand Cost of Assigned FTS, per unit								$79.0325	$83.6479
11	100% Load Factor Rate (10 / 365 days)									$0.2292
	Balancing charge, paid by Choice marketers									
12	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5									$1.4157
13	Less credit for cost of assigned capacity									($0.2292)
14	Plus storage commodity costs incurred by CKY for the Choice marketer									$0.1199
15	Balancing Charge, per Mcf sum(12:14)									$1.3064

PIPELINE COMPANY TARIFF SHEETS

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Eightieth Revised Sheet No. 25
Superseding
Seventy-ninth Revised Sheet No. 25

Currently Effective Rates
Applicable to Rate Schedule FTS and NTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FTS									
Reservation Charge 3/	$	5.575	0.354	-0.017	0.029	0.000	-	5.941	0.195
Commodity									
Maximum	$	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Minimum	$	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Overrun	$	19.37	1.41	-0.06	0.36	0.01	0.16	21.25	21.25
Rate Schedule NTS									
Reservation Charge 3/	$	7.084	0.354	-0.017	0.029	0.000	-	7.450	0.245
Commodity									
Maximum	$	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Minimum	$	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Overrun	$	24.33	1.41	-0.06	0.36	0.01	0.16	26.21	26.21

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Issued by: Thomas D. Stone, Manager
Issued on: August 31, 2006

Effective: October 1, 2006

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Eightieth Revised Sheet No. 26
Superseding
Seventy-ninth Revised Sheet No. 26

Currently Effective Rates
Applicable to Rate Schedule SST and GTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule SST									
Reservation Charge 3/	$	5.465	0.354	-0.017	0.029	0.000	-	5.771	0.190
Commodity									
Maximum	¢	1.02	0.25	0.00	0.26	0.01	0.16	1.70	1.70
Minimum	¢	1.02	0.25	0.00	0.26	0.01	0.16	1.70	1.70
Overrun	¢	18.79	1.41	-0.06	0.36	0.01	0.16	20.67	20.67
Rate Schedule GTS									
Commodity									
Maximum	¢	74.23	2.58	-0.11	0.45	0.01	0.16	77.32	77.32
Minimum	¢	3.08	0.25	-0.11	0.26	0.01	0.16	3.65	3.65
MFCC	¢	71.15	2.33	0.00	0.19	0.00	-	73.67	73.67

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Issued by: Thomas D. Stone, Manager
Issued on: August 31, 2006

Effective: October 1, 2006

Currently Effective Rates
Applicable to Rate Schedule FSS, ISS, and SIT
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FSS			-	-	-	-	-	1.500	0.049
Reservation Charge	$	1.500	-	-	-	-	-	2.88	2.88
Capacity	¢	2.88	-	-	-	-	-	1.53	1.53
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	10.87	10.87
Overrun	¢	10.87	-	-					
Rate Schedule ISS									
Commodity					-	-	-	5.92	5.92
Maximum	¢	5.92	-	-	-	-	-	0.00	0.00
Minimum	¢	0.00	-	-	-	-	-	1.53	1.53
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-					
Rate Schedule SIT									
Commodity				-	-	-	-	4.11	4.11
Maximum	¢	4.11	-	-	-	-	-	1.53	1.53
Minimum	¢	1.53	-						

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Currently Effective Rates
Applicable to Rate Schedule FTS-1
Rates per Dth

	Base Rate (1) $	Annual Charge Adjustment (2) $ 1/	Subtotal (3) $	Total Effective Rate (4) $	Daily Rate (5) $	Company Use and Unaccounted For (6) %
Rate Schedule FTS-1						
Rayne, LA To Points North						
Reservation Charge 2/	3.1450	-	3.1450	3.1450	0.1034	-
Commodity						
Maximum	0.0170	0.0016	0.0186	0.0186	0.0186	2.265
Minimum	0.0170	0.0016	0.0186	0.0186	0.0186	2.265
Overrun	0.1204	0.0016	0.1220	0.1220	0.1220	2.265

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Issued by: Thomas D. Stone, Manager
Issued on: August 31, 2006

Effective: October 1, 2006

Currently Effective Rates
Applicable to Rate Schedules FTS and ITS
Rate per Dth

		Base Tariff Rate	Annual Charge Adjustment	Total Effective Rate	Daily Rate
Rate Schedule FTS					
Reservation Charge					
Maximum	$	0.509	-	0.509	0.0167
Minimum	$	0.509	-	0.509	0.0167
Commodity Charge					
Maximum	¢	0.00	0.00	0.00	0.00
Minimum	¢	0.00	0.00	0.00	0.00
Overrun	¢	1.67	0.00	1.67	1.67
Rate Schedule ITS					
Commodity Charge					
Maximum	¢	1.67	0.00	1.67	1.67
Minimum	¢	1.67	0.00	1.67	1.67

RETAINAGE PERCENTAGE
Transportation Retainage 0.644%

PROPOSED TARIFF SHEETS

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GSR					
First 1 Mcf or less per billing period	6.95	1.4157	4.9077	13.2734	R
Over 1 Mcf per billing period	1.8715	1.4157	4.9077	8.1949	R
RATE SCHEDULE GSO					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	1.4157	4.9077	25.2034	R
Next 49 Mcf per billing period	1.8715	1.4157	4.9077	8.1949	R
Next 350 Mcf per billing period	1.8153	1.4157	4.9077	8.1387	R
Next 600 Mcf per billing period	1.7296	1.4157	4.9077	8.0530	R
Over 1000 Mcf per billing period	1.5802	1.4157	4.9077	7.9036	R
Delivery Service					
Administrative Charge	55.90			55.90	
Standby Service Demand Charge					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		6.5662		6.5662	I
Delivery Rate Per Mcf					
First 400 Mcf per billing period	1.8153			1.8153	
Next 600 Mcf per billing period	1.7296			1.7296	
All Over 1000 Mcf per billing period	1.5802			1.5802	
Former IN8 Rate Per Mcf	1.0575			1.0575	
Banking and Balancing Service		0.0206		0.0206	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS, IN6, or IUS and received service under Rate Schedule SVGTS shall be $9.1041 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS R

(I) Increase

DATE OF ISSUE: February 5, 2007

DATE EFFECTIVE: March 2007 Billing Cycle (March 1, 2007)

ISSUED BY: Herbert A. Miller, Jr. President

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GPR[3/]					
First 1 Mcf or less per billing period	6.95	N/A	N/A	N/A	
Over 1 Mcf per billing period	1.8715	N/A	N/A	N/A	
RATE SCHEDULE GPO[3/]					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	N/A	N/A	N/A	
Next 49 Mcf per billing period	1.8715	N/A	N/A	N/A	
Next 350 Mcf per billing period	1.8153	N/A	N/A	N/A	
Next 600 Mcf per billing period	1.7296	N/A	N/A	N/A	
Over 1000 Mcf per billing period	1.5802	N/A	N/A	N/A	
RATE SCHEDULE IS					
Customer Charge per billing period	116.55			116.55	
First 30,000 Mcf	0.5467		4.9077 [2/]	5.4544	R
Over 30,000 Mcf	0.2905		4.9077 [2/]	5.1982	R
Standby Service Demand Charge					
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.5662		6.5662	I
Delivery Service1					
Administrative Charge	55.90			55.90	
First 30,000 Mcf	0.5467				
Over 30,000 Mcf	0.2905			0.2905	
Banking and Balancing Service	0.0206			0.0206	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.
2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.
3/ Currently, there are no customers on this rate schedule.

(I) – Increase

DATE OF ISSUE: January 30, 2007 **DATE EFFECTIVE:** March 2007 Billing Cycle (March 1, 2007)

ISSUED BY: Herbert A. Miller, Jr. President

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Commodity $	Total Billing Rate $	
RATE SCHEDULE IUS					
For All Volumes Delivered Per Mcf	0.3038	1.4157	4.9077	6.6272	R
Delivery Service					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.3038	1.4157		1.7195	R
Banking and Balancing Service		0.0206		0.0206	
MAINLINE DELIVERY SERVICE					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.0858			0.0858	
Banking and Balancing Service		0.0206		0.0206	

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

R – Reduction I- Increase

DATE OF ISSUE: January 30, 2007 DATE EFFECTIVE: March 2007 Billing Cycle (March 1, 2007)

ISSUED BY: Herbert A. Miller, Jr. President

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS	**Delivery Charge per Mcf**	
General Service Residential		
First 1 Mcf or less per billing period	$ 6.95 (Minimum Bill)	
Over 1 Mcf per billing period	1.8715	
General Service Other		
First 1 Mcf or less per billing period	$18.88 (Minimum Bill)	
Next 49 Mcf per billing period	1.8715	
Next 350 Mcf per billing period	1.8153	
Next 600 Mcf per billing period	1.7296	
Over 1000 Mcf per billing period	1.5802	
Intrastate Utility Service		
For all volumes per billing period	$ 0.038	
Actual Gas Cost Adjustment		
For all volumes per billing period	$ (3.1391)	R
Rate Schedule SVAS		
Balancing Charge – per Mcf	$ 1.3064	R

DATE OF ISSUE: January 30, 2007

DATE EFFECTIVE: March 2007 Billing Cycle
(March 1, 2007)

ISSUED BY: Herbert A. Miller, Jr.

President

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2006-

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE DECEMBER 2006 BILLINGS

nbia Gas of Kentucky, Inc.
parison of Current and Proposed GCAs

		September-06 CURRENT	December-06 PROPOSED	DIFFERENCE
	Commodity Cost of Gas	$8.7472	$9.0113	$0.2641
	Demand Cost of Gas	$1.2767	$1.3899	$0.1132
	Total: Expected Gas Cost (EGC)	$10.0239	$10.4012	$0.3773
	SAS Refund Adjustment	($0.0002)	($0.0002)	$0.0000
	Balancing Adjustment	$0.0006	$0.0006	$0.0000
i	Supplier Refund Adjustment	($0.0132)	($0.0131)	$0.0001
'	Actual Cost Adjustment	($1.6671)	($1.9761)	($0.3090)
3	Gas Cost Incentive Adjustment	$0.0230	$0.0230	$0.0000
9	Cost of Gas to Tariff Customers (GCA)	$8.3670	$8.4354	$0.0684
0	Transportation TOP Refund Adjustment	$0.0000	$0.0000	$0.0000
.1	Banking and Balancing Service	$0.0205	$0.0206	$0.0001
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	$6.5482	$6.5482	($0.0000)

.bia Gas of Kentucky, Inc.
ost Adjustment Clause
os' ›very Rate
• Fe

2007-00008 AG Set 1-129 Attachment 2.pdf

Description		Amount	Expires
Expected Gas Cost (EGC)	Schedule No. 1	$10.4012	
Actual Cost Adjustment (ACA)	Schedule No. 2	($1.9761)	8-31-07
SAS Refund Adjustment (RA)	Schedule No. 5	($0.0002)	8-31-07
Supplier Refund Adjustment (RA)	Schedule No. 4	($0.0007)	05-31-07
	Schedule No. 4 Case No. 2006-	($0.0124)	02-28-07
	Total Refunds	($0.0131)	
Balancing Adjustment (BA)	Schedule No. 3	$0.0006	8-31-07
Gas Cost Incentive Adjustment	Schedule No. 6	$0.0230	5-31-07
Gas Cost Adjustment Dec 06 - Feb 07		$8.4354	
Expected Demand Cost (EDC) per Mcf (Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	$6.5482	

ATE FILED: October 30, 2006

BY: J. M. Cooper

Schedule No. 1
Sheet 1

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
Dec 06 - Feb 07

Line No.	Description		Reference	Volume A/ Mcf (1)	Dth. (2)	Rate Per Mcf (3)	Per Dth (4)	Cost (5)
	Storage Supply							
	Includes storage activity for sales customers only							
	Commodity Charge							
1	Withdrawal				(4,737,000)		$0.0153	$72,476
2	Injection				13,000		$0.0153	$199
3	Withdrawals: gas cost includes pipeline fuel and commodity charges				4,724,000		$7.7896	$36,797,968
	Total							
4	Volume	= 3			4,724,000			
5	Cost	sum(1:3)						$36,870,643
6	Summary	4 or 5			4,724,000			$36,870,643
	Flowing Supply							
	Excludes volumes injected into or withdrawn from storage.							
	Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian		Sch.1, Sht. 5, Ln. 4		1,336,000			$12,165,000
8	Appalachian Supplies		Sch.1, Sht. 6, Ln. 4		199,000			$1,669,000
9	Less Fuel Retention By Interstate Pipelines		Sch. 1,Sheet 7, Lines 21, 22		(186,000)			($1,534,166)
10	Total	7 + 8 + 9			1,349,000			$12,299,834
	Total Supply							
11	At City-Gate		Line 6 + 10		6,073,000			$49,170,477
	Lost and Unaccounted For							
12	Factor				-0.9%			
13	Volume		Line 11 * 12		(54,657)			
14	At Customer Meter		Line 11 + 13		6,018,343			
15	**Sales Volume**		Line 14	5,701,888	6,018,343			
	Unit Costs $/MCF							
	Commodity Cost							
16	Excluding Cost of Pipeline Retention		Line 11 / Line 15			$8.6235		
17	Annualized Unit Cost of Retention		Sch. 1,Sheet 7, Line 24			$0.3878		
18	Including Cost of Pipeline Retention		Line 16 + 17			$9.0113		
19	Demand Cost		Sch.1, Sht. 2, Line 9			$1.3899		
20	Total Expected Gas Cost (EGC)		Line 18 + 19			$10.4012		

A/ BTU Factor = 1.0555 Dth/MCF

Schedule No. 1
Sheet 2

Columbia Gas of Kentucky, Inc.
GCA Unit Demand Cost
Dec 06 - Feb 07

Line No.	Description		Reference		
1	Expected Demand Cost: Annual Dec 2006 - Nov 2007		Sch. No.1, Sheet 3, Ln. 41	$20,018,209	
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery		Sch. No.1, Sheet 4, Ln. 10	-$449,310	
3	Less Storage Service Recovery from Delivery Service Customers			-$224,887	
4	Net Demand Cost Applicable	1 + 2 + 3		$19,344,012	
	Projected Annual Demand: Sales + Choice Dec 2006 -Nov 2007				
	At city-gate				
	In Dth			14,823,000	Dth
	Heat content			1.0555	Dth/MCF
5	In MCF			14,043,581	MCF
	Lost and Unaccounted - For				
6	Factor			0.9%	
7	Volume	5 * 6		126,392	MCF
8	At Customer Meter	5 - 7		13,917,189	MCF
9	Unit Demand Cost (7 / 10)	To Sheet 1, line 19		$1.3899	per MCF

Columbia Gas of Kentucky, Inc.
Annual Demand Cost of Interstate Pipeline Capacity
Dec 2006 - Nov 2007

Schedule No. 1
Sheet 3

Line No.	Description		Dth	Monthly Rate $/Dth	# Months	Expected Annual Demand Cost
	Columbia Gas Transmission Corporation					
	Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)		220,880	$1.5000	12	$3,975,840
2	FSS Seasonal Contract Quantity (SCQ)		11,264,911	$0.0288	12	$3,893,153
	Storage Service Transportation (SST)					
3	Summer	Apr. - Sept. 07	110,440	$4.1850	6	$2,773,148
4	Winter	Dec. 06 - Mar. 07, Oct - Nov. 07	220,880	$4.1850	6	$5,546,297
5	Firm Transportation Service (FTS)		20,014	$5.9410	12	$1,426,838
6	Subtotal	sum(1:5)				$17,615,277
	Columbia Gulf Transmission Company					
11	FTS - 1 (Mainline)		28,991	$3.1450	12	$1,094,120
	Tennessee Gas					
21	Firm Transportation		20,506	$4.6238	12	$1,137,788
	Central Kentucky Transmission					
31	Firm Transportation		28,000	$0.5090	12	$171,024
41	**Total.** Used on Sheet 2, line 1					$20,018,209

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Expected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers
Dec 06 - Feb 07

Line No.	Description		Capacity Daily Dth (1)	# Months (2)	Annualized Dth (3) = (1) x (2)	Units	Annual Cost (3)
1	Expected Demand Costs (Per Sheet 3)						$20,018,209
	City-Gate Capacity: Columbia Gas Transmission						
2	Firm Storage Service - FSS		220,880	12	2,650,560		
3	Firm Transportation Service - FTS		20,014	12	240,168		
4	Central Kentucky Transportation	June 06 - May 07	28,000	12	336,000		
5	Total	2 + 3 + 4			3,226,728	Dth	
6	Divided by Average BTU Factor				1.0555	Dth/MCF	
7	Total Capacity - Annualized	Line 5/ Line 6			3,057,061	Mcf	
8	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity Applicable to Rate Schedules IS/SS and GSO Line 1 / Line 7				$6.5482	/Mcf	
9	Firm Volumes of IS/SS and GSO Customers		5,718	12	68,616	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers	Line 8 * Line 9			to Sheet 2, line 2		$449,310

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
Dec 06 - Feb 07

Schedule No. 1
Sheet 5

Cost includes transportation commodity cost and retention by the interstate pipelines, but excludes pipeline demand costs.
The volumes and costs shown are for sales customers only.

		Total Flowing Supply Including Gas Injected Into Storage				Net Flowing Supply for Current Consumption	
Line No.	Month	Volume A/ Dth (1)	Cost (2)	Unit Cost $/Dth (3) = (2) / (1)	Net Storage Injection Dth (4)	Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Dec-06	543,000	$4,747,000	$8.74	0	543,000	$4,747,000
2	Jan-07	554,000	$5,073,000	$9.16	0	554,000	$5,073,000
3	Feb-07	239,000	$2,345,000	$9.81	0	239,000	$2,345,000
4	Total 1+2+3	1,336,000	$12,165,000	$9.11	0	1,336,000	$12,165,000

A/ Gross, before retention.

Columbia Gas of Kentucky, Inc.
Appalachian Supply: Volume and Cost
Dec 06 - Feb 07

Schedule No. 1
Sheet 6

Line No.	Month		Dth (2)	Cost (3)
1	Dec-06		70,000	$571,000
2	Jan-07		66,000	$560,000
3	Feb-07		63,000	$538,000
4	Total	1 + 2 + 3	199,000	$1,669,000

Columbia Gas of Kentucky, Inc.
Annualized Unit Charge for Gas Retained by Upstream Pipelines
Dec 06 - Feb 07

Schedule No. 1
Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

			Units	Dec 06 - Feb 07	Mar - May 07	June - Aug 07	Sept - Nov 07	Annual Dec 2006 - Nov 2007
	Gas purchased by CKY for the remaining sales customers							
1	Volume		Dth	1,535,000	3,394,000	4,505,000	2,415,000	11,849,000
2	Commodity Cost Including Transportation			$13,834,000	$27,408,000	$36,529,000	$19,962,000	$97,733,000
3	Unit cost		$/Dth					$8.2482
	Consumption by the remaining sales customers							
11	At city gate		Dth	6,066,000	2,610,000	697,000	1,931,000	11,304,000
12	Lost and unaccounted for portion			0.90%	0.90%	0.90%	0.90%	
	At customer meters							
13	In Dth	(100% - 12) * 11	Dth	6,011,406	2,586,510	690,727	1,913,621	11,202,264
14	Heat content		Dth/MCF	1.0555	1.0555	1.0555	1.0555	
15	In MCF	13 / 14	MCF	5,695,316	2,450,507	654,407	1,813,000	10,613,230
16	Portion of annual	line 15, quarterly / annual		53.7%	23.1%	6.2%	17.1%	100.0%
	Gas retained by upstream pipelines							
21	Volume		Dth	186,000	113,000	114,000	86,000	499,000
	Cost			To Sheet 1, line 9				
22	Quarterly. Deduct from Sheet 1	3 * 21		$\boxed{\$1,534,166}$	$932,047	$940,296	$709,346	$4,115,855
23	Allocated to quarters by consumption			$2,208,667	$950,317	$253,782	$703,089	$4,115,855
				To Sheet 1, line 17				
24	Annualized unit charge	23 / 15	$/MCF	$\boxed{\$0.3878}$	$0.3878	$0.3878	$0.3878	$0.3878

COLUMBIA GAS OF KENTUCKY, INC.

Schedule No. 1
Sheet 8

DETERMINATION OF THE BANKING AND BALANCING CHARGE FOR THE PERIOD BEGINNING DECEMBER 2006

Line No.	Description	Dth	Detail	Amount For Transportation Customers
1	Total Storage Capacity, Sheet 3, line 4	11,264,911		
2	Net Transportation Volume	11,547,967		
3	Contract Tolerance Level @ 5%	577,398		
4	Percent of Annual Storage Applicable			
5	to Transportation Customers		5.13%	
6	Seasonal Contract Quantity (SCQ)			
7	Rate		$0.0288	
8	SCQ Charge - Annualized		$3,893,153	
9	Amount Applicable To Transportation Customers			$199,719
10	FSS Injection and Withdrawal Charge			
11	Rate		0.0306	
12	Total Cost		$344,706	
13	Amount Applicable To Transportation Customers			$17,683
14	SST Commodity Charge			
15	Rate		0.0157	
16	Total Cost		$145,894	
17	Amount Applicable To Transportation Customers			$7,484
18	Total Cost Applicable To Transportation Customers			$224,887
19	Total Transportation Volume - Mcf			18,658,484
20	Flex and Special Contract Transportation Volume - Mcf			(7,717,729)
21	Net Transportation Volume - Mcf	line 19 + line 20		10,940,755
22	Banking and Balancing Rate - Mcf.	Line 18 / line 21. To line 11 of the GCA Comparison		$0.0206

ACTUAL ADJUSTMENT

STATEMENT SHOWIN[illegible]MPUTATION OF
ACTUAL GAS COST A[illegible]STMENT (ACA)
BASED ON THE TWELVE MONTHS ENDED JUNE 30, 2006

LINE NO.	MONTH	Total Sales Volumes Per Books Mcf (1)	Standby Service Sales Volumes Mcf (2)	Net Applicable Sales Volumes Mcf (3)=(1)-(2)	Average Expected Gas Cost Rate $/Mcf (4)	Gas Cost Recovery $ (5)	Standby Service Recovery $ (6)	Total Gas Cost Recovery $ (7)=(5)+(6)	Cost of Gas Purchased $ (8)	(OVER)/ UNDER RECOVERY $ (9)=(8)-(7)
1	July 2005	186,257	1,197	185,060	$9.4578	$1,750,252	$53,570	$1,803,822	($1,278,002)	($3,081,824)
2	August 2005	182,307	3,161	179,146	$9.4577	$1,694,301	$67,800	$1,762,101	$1,426,238	($335,863)
3	September 2005	236,055	2,344	233,711	$9.9800	$2,332,426	$60,775	$2,393,201	$10,938	($2,382,263)
4	October 2005	278,865	2,519	276,346	$10.1188	$2,796,286	$60,374	$2,856,660	$8,978,735	$6,122,075
5	November 2005	772,969	6,149	766,820	$12.9657	$9,942,341	$87,348	$10,029,689	$16,664,340	$6,634,651
6	December 2005	1,733,771	2,428	1,731,343	$15.3223	$26,528,157	$78,328	$26,606,484	$30,352,882	$3,746,398
7	January 2006	2,107,138	5,477	2,101,661	$15.3548	$32,270,581	$124,428	$32,395,009	$21,916,422	($10,478,587)
8	February 2006	1,715,692	2,301	1,713,391	$12.3406	$21,144,303	$70,243	$21,214,546	$19,646,500	($1,568,046)
9	March 2006	1,592,272	5,433	1,586,839	$11.7832	$18,698,092	$75,493	$18,773,584	$11,738,087	($7,035,497)
10	April 2006	1,018,897	3,599	1,015,298	$11.7716	$11,951,693	$74,067	$12,025,759	$4,252,038	($7,773,722)
11	May 2006	480,311	1,849	478,462	$11.7716	$5,632,266	$49,848	$5,682,113	$4,096,172	($1,585,942)
12	June 2006	294,462	(1,588)	296,050	$10.7242	$3,174,910	$19,779	$3,194,689	($3,386,593)	($6,581,282)
13	TOTAL	10,598,996	34,869	10,564,127		$137,915,606	$822,052	$138,737,658	$114,417,757	($24,319,902)
14	Off-System Sales									($740,813)
15	Capacity Release									($217,235)
16	Gas Cost Audit									$0
17	TOTAL (OVER)/UNDER-RECOVERY									($25,277,950)
18	Demand Revenues Received									$13,223,300
19	Demand Cost of Gas									$18,670,400
20	Demand Under Recovery									$5,447,100
21	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2007									15,162,300
22	DEMAND ACA Per Case No. 2006-00366									$0.3593
23	Stranded Cost Pool Balance per Case No. 2005-00446									($3,595,743)
24	Expected Sales + Choice Volumes for the Nine Months End Aug. 30, 2007									11,636,000
25	Addition to Demand ACA per Case No. 2005-00446									($0.3090)
26	DEMAND ACA TO EXPIRE AUGUST 31, 2007				Line 22 + Line 25					$0.0503
27	Commodity Revenues Received									$125,514,365
28	Commodity Cost of Gas									$94,789,308
29	Commodity Under Recovery									($30,725,056)
30	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2007									15,162,300
31	COMMODITY ACA TO EXPIRE AUGUST 31, 2007									($2.0264)
32	TOTAL ACA TO EXPIRE AUGUST 31, 2007									($1.9761)

2007-00008 AG Set 1-129 Attachment 2.pdf

DETAIL SUPPORTING

DEMAND/COMMODITY SPLIT

COLUMBIA GAS OF KENTUCKY
CASE NO. Effective December 2006 Billing Cycle

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	$1.3899	
Demand ACA (Schedule No. 2, Sheet 1, Line 26)	0.0503	
Refund Adjustment (Schedule No. 4)	-0.0131	
SAS Refund Adjustment (Schedule No. 5)	-0.0002	
Total Demand Rate per Mcf	$1.4269	<-- to Att. E, line 21
Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	$9.0113	
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$2.0264	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	$0.0006	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0230	
Total Commodity Rate per Mcf	$7.0085	
CHECK:	$1.4269	
	$7.0085	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	$8.4354	
Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment		
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$2.0264	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	$0.0006	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0230	
Total Commodity Rate per Mcf	-$2.0028	

Columbia Gas of Kentucky, Inc.
CKY Choice Program
100% Load Factor Rate of Assigned FTS Capacity
Balancing Charge
Dec 06 - Feb 07

Line No.	Description		Contract Volume Dth Sheet 3 (1)	Retention (2)	Monthly demand charges $/Dth Sheet 3 (3)	# months A/ (4)	Assignment proportions lines 4, 5 (5)	Adjustment for retention on downstream pipe, if any (6) = 1 / (100%-col2)	Annual costs $/Dth (7) = 3 * 4 * 5 * 6	Annual costs $/MCF
	City gate capacity assigned to Choice marketers									
	Contract									
1	CKT FTS/SST		28,000	0.644%						
2	TCO FTS		20,014	2.007%						
3	Total		48,014							
	Assignment Proportions									
4	CKT FTS/SST	1 / 3	58.32%							
5	TCO FTS	2 / 3	41.68%							
	Annual demand cost of capacity assigned to choice marketers									
6	CKT FTS				$0.5090	12	0.5832	1.0000	$3.5620	
7	TCO FTS				$5.9410	12	0.4168	1.0000	$29.7171	
8	Gulf FTS-1, upstream to CKT FTS				$3.1450	12	0.5832	1.0065	$22.1512	
9	TGP FTS-A, upstream to TCO FTS				$4.6238	12	0.4168	1.0205	$23.6021	
10	Total Demand Cost of Assigned FTS, per unit								$79.0325	$83.4188
11	100% Load Factor Rate (10 / 365 days)									$0.2285
	Balancing charge, paid by Choice marketers									
12	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5									$1.4269
13	Less credit for cost of assigned capacity									($0.2285)
14	Plus storage commodity costs incurred by CKY for the Choice marketer									$0.1299
15	Balancing Charge, per Mcf *sum(12:14)*									$1.3283

PIPELINE COMPANY TARIFF SHEETS

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Eightieth Revised Sheet No. 25
Superseding
Seventy-ninth Revised Sheet No. 25

Currently Effective Rates
Applicable to Rate Schedule FTS and NTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FTS									
Reservation Charge 3/	$	5.575	0.354	-0.017	0.029	0.000	-	5.941	0.195
Commodity									
Maximum	¢	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Minimum	¢	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Overrun	¢	19.37	1.41	-0.06	0.36	0.01	0.16	21.25	21.25
Rate Schedule NTS									
Reservation Charge 3/	$	7.084	0.354	-0.017	0.029	0.000	-	7.450	0.245
Commodity									
Maximum	¢	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Minimum	¢	1.04	0.25	0.00	0.26	0.01	0.16	1.72	1.72
Overrun	¢	24.33	1.41	-0.06	0.36	0.01	0.16	26.21	26.21

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Issued by: Thomas D. Stone, Manager
Issued on: August 31, 2006

Effective: October 1, 2006

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Eightieth Revised Sheet No. 26
Superseding
Seventy-ninth Revised Sheet No. 26

Currently Effective Rates
Applicable to Rate Schedule SST and GTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule SST									
Reservation Charge 3/	$	5.405	0.354	-0.017	0.029	0.000	-	5.771	0.190
Commodity									
Maximum	¢	1.02	0.25	0.00	0.26	0.01	0.16	1.70	1.70
Minimum	¢	1.02	0.25	0.00	0.26	0.01	0.16	1.70	1.70
Overrun	¢	18.79	1.41	-0.06	0.36	0.01	0.16	20.67	20.67
Rate Schedule GTS									
Commodity									
Maximum	¢	74.23	2.58	-0.11	0.45	0.01	0.16	77.32	77.32
Minimum	¢	3.08	0.25	-0.11	0.26	0.01	0.16	3.65	3.65
MFCC	¢	71.15	2.33	0.00	0.19	0.00	-	73.67	73.67

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Issued by: Thomas D. Stone, Manager
Issued on: August 31, 2006

Effective: October 1, 2006

Currently Effective Rates
Applicable to Rate Schedule FSS, ISS, and SIT
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FSS									
Reservation Charge	$	1.500	-	-	-	-	-	1.500	0.049
Capacity	¢	2.88	-	-	-	-	-	2.88	2.88
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Overrun	¢	10.87	-	-	-	-	-	10.87	10.87
Rate Schedule ISS									
Commodity									
Maximum	¢	5.92	-	-	-	-	-	5.92	5.92
Minimum	¢	0.00	-	-	-	-	-	0.00	0.00
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT									
Commodity									
Maximum	¢	4.11	-	-	-	-	-	4.11	4.11
Minimum	¢	1.53	-	-	-	-	-	1.53	1.53

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Columbia Gulf Transmission Company
FERC Gas Tariff
Second Revised Volume No. 1

Forty-first Revised Sheet No. 18
Superseding
Fortieth Revised Sheet No. 18

Currently Effective Rates
Applicable to Rate Schedule FTS-1
Rates per Dth

	Base Rate (1) $	Annual Charge Adjustment (2) $ 1/	Subtotal (3) $	Total Effective Rate (4) $	Daily Rate (5) $	Company Use and Unaccounted For (6) %
Rate Schedule FTS-1						
Rayne, LA To Points North						
Reservation Charge 2/	3.1450	-	3.1450	3.1450	0.1034	-
Commodity						
Maximum	0.0170	0.0016	0.0186	0.0186	0.0186	2.265
Minimum	0.0170	0.0016	0.0186	0.0186	0.0186	2.265
Overrun	0.1204	0.0016	0.1220	0.1220	0.1220	2.265

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Issued by: Thomas D. Stone, Manager
Issued on: August 31, 2006

Effective: October 1, 2006

Central Kentucky Transmission Company
FERC Gas Tariff
Original Volume No. 1

Substitute Second Revised Sheet No. 6
Superseding
First Revised Sheet No. 6

Currently Effective Rates
Applicable to Rate Schedules FTS and ITS
Rate per Dth

		Base Tariff Rate	Annual Charge Adjustment	Total Effective Rate	Daily Rate
Rate Schedule FTS					
Reservation Charge					
Maximum	$	0.509	-	0.509	0.0167
Minimum	$	0.509	-	0.509	0.0167
Commodity Charge					
Maximum	¢	0.00	0.00	0.00	0.00
Minimum	¢	0.00	0.00	0.00	0.00
Overrun	¢	1.67	0.00	1.67	1.67
Rate Schedule ITS					
Commodity Charge					
Maximum	¢	1.67	0.00	1.67	1.67
Minimum	¢	1.67	0.00	1.67	1.67

RETAINAGE PERCENTAGE
Transportation Retainage 0.644%

Issued by: Claire Burum, Sr. Vice President
Issued on: September 22, 2006

Effective: October 1, 2006

PROPOSED TARIFF SHEETS

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GSR					
First 1 Mcf or less per billing period	6.95	1.4269	7.0085	15.3854	I
Over 1 Mcf per billing period	1.8715	1.4269	7.0085	10.3069	I
RATE SCHEDULE GSO					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	1.4269	7.0085	27.3154	I
Next 49 Mcf per billing period	1.8715	1.4269	7.0085	10.3069	I
Next 350 Mcf per billing period	1.8153	1.4269	7.0085	10.2507	I
Next 600 Mcf per billing period	1.7296	1.4269	7.0085	10.1650	I
Over 1000 Mcf per billing period	1.5802	1.4269	7.0085	10.0156	I
Delivery Service					
Administrative Charge	55.90			55.90	
Standby Service Demand Charge					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		6.5482		6.5482	
Delivery Rate Per Mcf					
First 400 Mcf per billing period	1.8153			1.8153	
Next 600 Mcf per billing period	1.7296			1.7296	
All Over 1000 Mcf per billing period	1.5802			1.5802	
Former IN8 Rate Per Mcf	1.0575			1.0575	
Banking and Balancing Service		0.0206		0.0206	I

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS, IN6, or IUS and received service under Rate Schedule SVGTS shall be $10.4012 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS I

(I) Increase

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Commodity $	Total Billing Rate $	
RATE SCHEDULE GPR[3/]					
First 1 Mcf or less per billing period	6.95	N/A	N/A	N/A	
Over 1 Mcf per billing period	1.8715	N/A	N/A	N/A	
RATE SCHEDULE GPO[3/]					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	N/A	N/A	N/A	
Next 49 Mcf per billing period	1.8715	N/A	N/A	N/A	
Next 350 Mcf per billing period	1.8153	N/A	N/A	N/A	
Next 600 Mcf per billing period	1.7296	N/A	N/A	N/A	
Over 1000 Mcf per billing period	1.5802	N/A	N/A	N/A	
RATE SCHEDULE IS					
Customer Charge per billing period	116.55			116.55	
First 30,000 Mcf	0.5467		7.0085 [2/]	7.5552	I
Over 30,000 Mcf	0.2905		7.0085 [2/]	7.2990	I
Standby Service Demand Charge					
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.5482		6.5482	
Delivery Service1					
Administrative Charge	55.90			55.90	
First 30,000 Mcf	0.5467				
Over 30,000 Mcf	0.2905			0.2905	
Banking and Balancing Service	0.0206			0.0206	I

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

3/ Currently, there are no customers on this rate schedule.

(I) – Increase

DATE OF ISSUE: October 30, 2006 **DATE EFFECTIVE:** December 2006 Billing Cycle (November 29, 2006)

ISSUED BY: Herbert A. Miller, Jr. President

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Commodity $	Total Billing Rate $	
RATE SCHEDULE IUS					
For All Volumes Delivered Per Mcf	0.3038	1.4269	7.0085	8.7392	I
Delivery Service					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.3038	1.4269		1.7307	R
Banking and Balancing Service		0.0206		0.0206	I
MAINLINE DELIVERY SERVICE					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.0858			0.0858	
Banking and Balancing Service		0.0206		0.0206	I

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

R – Reduction I- Increase

DATE OF ISSUE: October 30, 2006 DATE EFFECTIVE: December 2006 Billing Cycle (November 29, 2006)

ISSUED BY: Herbert A. Miller, Jr. President

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS	Delivery Charge per Mcf	
General Service Residential		
First 1 Mcf or less per billing period	$ 6.95 (Minimum Bill)	
Over 1 Mcf per billing period	1.8715	
General Service Other		
First 1 Mcf or less per billing period	$18.88 (Minimum Bill)	
Next 49 Mcf per billing period	1.8715	
Next 350 Mcf per billing period	1.8153	
Next 600 Mcf per billing period	1.7296	
Over 1000 Mcf per billing period	1.5802	
Intrastate Utility Service		
For all volumes per billing period	$ 0.038	
Actual Gas Cost Adjustment		
For all volumes per billing period	$ (2.0028)	
Rate Schedule SVAS		
Balancing Charge – per Mcf	$ 1.3283	R

(R) Reduction

DATE OF ISSUE: October 30, 2006

DATE EFFECTIVE: December 2006 Billing Cycle (November 29, 2006)

ISSUED BY: Herbert A. Miller, Jr. President

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2006-

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE SEPTEMBER 2006 BILLINGS

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

Revised
2007-00008 AG Set 1-129 Attachment 3.pdf

LN		June-06 CURRENT	September-06 PROPOSED	DIFFERENCE
1	Commodity Cost of Gas	$9.4889	$8.7472	($0.7417)
2	Demand Cost of Gas	$1.2146	$1.2767	$0.0621
3	Total: Expected Gas Cost (EGC)	$10.7035	$10.0239	($0.6796)
4	SAS Refund Adjustment	($0.0001)	($0.0002)	($0.0001)
5	Balancing Adjustment	($0.0026)	$0.0006	$0.0032
6	Supplier Refund Adjustment	($0.0132)	($0.0132)	$0.0000
7	Actual Cost Adjustment	($0.7033)	($1.6671)	($0.9638)
8	Gas Cost Incentive Adjustment	$0.0230	$0.0230	$0.0000
9	Cost of Gas to Tariff Customers (GCA)	$10.0073	$8.3670	($1.6403)
10	Transportation TOP Refund Adjustment	$0.0000	$0.0000	$0.0000
11	Banking and Balancing Service	$0.0205	$0.0205	$0.0000
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	$6.5490	$6.5482	($0.0008)

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
Se 'ov 06

Revised
2007-00008 AG Set 1-129 Attachment 3.pdf

Line No.	Description		Amount	Expires
1	Expected Gas Cost (EGC)	Schedule No. 1	$10.0239	
2	Actual Cost Adjustment (ACA)	Schedule No. 2	($1.6671)	8-31-07
3	SAS Refund Adjustment (RA)	Schedule No. 5	($0.0002)	8-31-07
4	Supplier Refund Adjustment (RA)	Schedule No. 4	($0.0007)	05-31-07
		Schedule No. 4 Case No. 2006-	($0.0124)	02-28-07
		Schedule No. 4 Case No. 2005-00318	($0.0001)	11-30-06
		Total Refunds	($0.0132)	
5	Balancing Adjustment (BA)	Schedule No. 3	$0.0006	8-31-07
6	Gas Cost Incentive Adjustment	Schedule No. 6	$0.0230	5-31-07
7	Gas Cost Adjustment			
8	Sept - Nov 06		$8.3670	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	$6.5482	

E FILED: August 18, 2006 **BY: J. M. Cooper**

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
Sept - Nov 06

Schedule No. 1
Sheet 1

Line No.	Description		Reference	Volume A/ Mcf (1)	Volume A/ Dth. (2)	Rate Per Mcf (3)	Rate Per Dth (4)	Cost (5)
	Storage Supply							
	Includes storage activity for sales customers only							
	Commodity Charge							
1	Withdrawal				(1,010,000)		$0.0153	$15,453
2	Injection				1,480,000		$0.0153	$22,644
3	Withdrawals: gas cost *includes pipeline fuel and commodity charges*				996,000		$7.9658	$7,933,935
	Total							
4	Volume	= 3			996,000			
5	Cost	sum(1:3)						$7,972,032
6	Summary	4 or 5			996,000			$7,972,032
	Flowing Supply							
	Excludes volumes injected into or withdrawn from storage.							
	Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian		Sch.1, Sht. 5, Ln. 4		1,125,000			$8,626,430
8	Appalachian Supplies		Sch.1, Sht. 6, Ln. 4		84,000			$687,000
9	Less Fuel Retention By Interstate Pipelines		Sch. 1,Sheet 7, Lines 21, 22		(136,000)			($1,199,102)
10	Total	7 + 8 + 9			1,073,000			$8,114,328
	Total Supply							
11	At City-Gate		Line 6 + 10		2,069,000			$16,086,360
	Lost and Unaccounted For							
12	Factor				-0.9%			
13	Volume		Line 11 * 12		(18,621)			
14	At Customer Meter		Line 11 + 13		2,050,379			
15	**Sales Volume**		Line 14	1,942,567	2,050,379			
	Unit Costs $/MCF							
	Commodity Cost							
16	Excluding Cost of Pipeline Retention		Line 11 / Line 15			$8.2810		
17	Annualized Unit Cost of Retention		Sch. 1,Sheet 7, Line 24			$0.4662		
18	Including Cost of Pipeline Retention		Line 16 + 17			$8.7472		
19	Demand Cost		Sch.1, Sht. 2, Line 9			$1.2767		
20	*Total Expected Gas Cost (EGC)*		Line 18 + 19			$10.0239		

A/ BTU Factor = 1.0555 Dth/MCF

Columbia Gas of Kentucky, Inc.
GCA Unit Demand Cost
Sept - Nov 06

Schedule No. 1
Sheet 2

Line No.	Description		Reference		
1	Expected Demand Cost: Annual Sept 2006 - Aug 2007		Sch. No.1, Sheet 3, Ln. 41	$20,018,209	
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery		Sch. No.1, Sheet 4, Ln. 10	-$449,310	
3	Less Storage Service Recovery from Delivery Service Customers			-$199,899	
4	Net Demand Cost Applicable	1 + 2 + 3		$19,368,999	
	Projected Annual Demand: Sales + Choice Sept 2006 - Aug 2007				
	At city-gate				
	In Dth			16,159,000	Dth
	Heat content			1.0555	Dth/MCF
5	In MCF			15,309,332	MCF
	Lost and Unaccounted - For				
6	Factor			0.9%	
7	Volume	5 * 6		137,784	MCF
8	At Customer Meter	5 - 7		15,171,548	MCF
9	Unit Demand Cost (7 / 10)	To Sheet 1, line 19		$1.2767	per MCF

Columbia Gas of Kentucky, Inc.
Annual Demand Cost of Interstate Pipeline Capacity
Sept 2006 - Aug 2007

Schedule No. 1
Sheet 3

Line No.	Description		Dth	Monthly Rate $/Dth	# Months	Expected Annual Demand Cost
	Columbia Gas Transmission Corporation					
	Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)		220,880	$1.5000	12	$3,975,840
2	*FSS Seasonal Contract Quantity (SCQ)*		11,264,911	$0.0288	12	$3,893,153
	Storage Service Transportation (SST)					
3	Summer	Sept. 06, Apr. - Aug 07	110,440	$4.1850	6	$2,773,148
4	Winter	Oct. 06 - Mar. 07	220,880	$4.1850	6	$5,546,297
5	Firm Transportation Service (FTS)		20,014	$5.9410	12	$1,426,838
6	Subtotal	sum(1:5)				$17,615,277
	Columbia Gulf Transmission Company					
11	FTS - 1 (Mainline)		28,991	$3.1450	12	$1,094,120
	Tennessee Gas					
21	Firm Transportation		20,506	$4.6238	12	$1,137,788
	Central Kentucky Transmission					
31	Firm Transportation		28,000	$0.5090	12	$171,024
41	**Total.** Used on Sheet 2, line 1					$20,018,209

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
xpected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers
ept - Nov 06

Line No.	Description		Capacity Daily Dth (1)	# Months (2)	Annualized Dth (3) = (1) x (2)	Units	Annual Cost (3)
1	Expected Demand Costs (Per Sheet 3)						$20,018,209
	City-Gate Capacity:						
	Columbia Gas Transmission						
2	Firm Storage Service - FSS		220,880	12	2,650,560		
3	Firm Transportation Service - FTS		20,014	12	240,168		
4	Central Kentucky Transportation	June 06 - May 07	28,000	12	336,000		
5	Total	2 + 3 + 4			3,226,728	Dth	
6	Divided by Average BTU Factor				1.0555	Dth/MCF	
7	Total Capacity - Annualized	Line 5/ Line 6			3,057,061	Mcf	
8	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity Applicable to Rate Schedules IS/SS and GSO Line 1 / Line 7				$6.5482	/Mcf	
9	Firm Volumes of IS/SS and GSO Customers		5,718	12	68,616	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers	Line 8 * Line 9			to Sheet 2, line 2		$449,310

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
Sept - Nov 06

Revised Schedule No. 1
Sheet 5

Cost includes transportation commodity cost and retention by the interstate pipelines, but excludes pipeline demand costs.
The volumes and costs shown are for sales customers only.

		Total Flowing Supply Including Gas Injected Into Storage				Net Flowing Supply for *Current Consumption*	
Line No.	Month	Volume A/ Dth (1)	Cost (2)	Unit Cost \$/Dth (3) = (2) / (1)	Net Storage Injection Dth (4)	Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Sep-06	1,525,000	\$11,170,000	\$7.32	(1,197,000)	328,000	\$2,402,466
2	Oct-06	893,000	\$6,686,000	\$7.49	(269,000)	624,000	\$4,671,964
3	Nov-06	173,000	\$1,552,000	\$8.97	0	173,000	\$1,552,000
4	Total 1+2+3	2,591,000	\$19,408,000	\$7.49	(1,466,000)	1,125,000	\$8,626,430

A/ Gross, before retention.

Columbia Gas of Kentucky, Inc.
Appalachian Supply: Volume and Cost
Sept - Nov 06

Revised Schedule No. 1
Sheet 6

Line No.	Month		Dth (2)	Cost (3)
1	Sep-06		19,000	$139,000
2	Oct-06		24,000	$178,000
3	Nov-06		41,000	$370,000
4	Total	1 + 2 + 3	84,000	$687,000

Columbia Gas of Kentucky, Inc.
Annualized Unit Charge for Gas Retained by Upstream Pipelines
Sept - Nov 06

Revised Schedule No. 1
Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

			Units	Sept - Nov 06	Dec 06 - Feb 07	Mar - May 07	June - Aug 2007	Annual Sept 2006 - Aug 2007
	Gas purchased by CKY for the remaining sales customers							
1	Volume		Dth	2,675,000	2,052,000	3,455,000	4,507,000	12,689,000
2	Commodity Cost Including Transportation			$20,095,000	$22,160,000	$30,147,000	$39,476,000	$111,878,000
3	*Unit cost*		$/Dth					$8.8169
	Consumption by the remaining sales customers							
11	At city gate		Dth	2,074,000	6,330,000	2,737,000	783,000	11,924,000
12	Lost and unaccounted for portion			0.90%	0.90%	0.90%	0.90%	
	At customer meters							
13	In Dth	(100% - 12) * 11	Dth	2,055,334	6,273,030	2,712,367	775,953	11,816,684
14	Heat content		Dth/MCF	1.0555	1.0555	1.0555	1.0555	
15	In MCF	13 / 14	MCF	1,947,261	5,943,183	2,569,746	735,152	11,195,342
16	Portion of annual	line 15, quarterly / annual		17.4%	53.1%	23.0%	6.6%	100.0%
	Gas retained by upstream pipelines							
21	Volume		Dth	136,000	203,000	126,000	127,000	592,000
	Cost			To Sheet 1, line 9				
22	Quarterly. Deduct from Sheet 1	3 * 21		$1,199,102	$1,789,836	$1,110,933	$1,119,750	$5,219,621
23	Allocated to quarters by consumption			$907,874	$2,770,899	$1,198,097	$342,751	$5,219,621
				To Sheet 1, line 17				
24	Annualized unit charge	23 / 15	$/MCF	$0.4662	$0.4662	$0.4662	$0.4662	$0.4662

COLUMBIA GAS OF KENTUCKY, INC.

Schedule No. 1
Sheet 8

DETERMINATION OF THE BANKING AND BALANCING CHARGE FOR THE PERIOD BEGINNING SEPTEMBER 2006

Line No.	Description	Dth	Detail	Amount For Transportation Customers
1	Total Storage Capacity. Sheet 3, line 4	11,264,911		
2	Net Transportation Volume	10,279,994		
3	Contract Tolerance Level @ 5%	514,000		
4	Percent of Annual Storage Applicable			
5	to Transportation Customers		4.56%	
6	*Seasonal Contract Quantity (SCQ)*			
7	Rate		$0.0288	
8	SCQ Charge - Annualized		$3,893,153	
9	Amount Applicable To Transportation Customers			$177,528
10	FSS Injection and Withdrawal Charge			
11	Rate		0.0306	
12	Total Cost		$344,706	
13	Amount Applicable To Transportation Customers			$15,719
14	SST Commodity Charge			
15	Rate		0.0157	
16	Total Cost		$145,894	
17	*Amount Applicable To Transportation Customers*			$6,653
18	Total Cost Applicable To Transportation Customers			$199,899
19	Total Transportation Volume - Mcf			18,658,484
20	Flex and Special Contract Transportation Volume - Mcf			(8,919,030)
21	Net Transportation Volume - Mcf	line 19 + line 20		9,739,454
22	Banking and Balancing Rate - Mcf.	Line 18 / line 21. To line 11 of the GCA Comparison		$0.0205

ACTUAL ADJUSTMENT

COLUMBIA GAS ENTUCKY, INC.

STATEMENT SHOWING COMPUTATION OF ACTUAL GAS COST ADJUSTMENT (ACA) BASED ON THE TWELVE MONTHS ENDED JUNE 30, 2006

LINE NO.	MONTH	Total Sales Volumes Per Books Mcf (1)	Standby Service Sales Volumes Mcf (2)	Net Applicable Sales Volumes Mcf (3)=(1)-(2)	Average Expected Gas Cost Rate $/Mcf (4)	Gas Cost Recovery $ (5)	Standby Service Recovery $ (6)	Total Gas Cost Recovery $ (7)=(5)+(6)	Cost of Gas Purchased $ (8)	(OVER)/ UNDER RECOVERY $ (9)=(8)-(7)
1	July 2005	186,257	1,197	185,060	$9.4578	$1,750,252	$53,570	$1,803,822	($1,278,002)	($3,081,824)
2	August 2005	182,307	3,161	179,146	$9.4577	$1,694,301	$67,800	$1,762,101	$1,426,238	($335,863)
3	September 2005	236,055	2,344	233,711	$9.9800	$2,332,426	$60,775	$2,393,201	$10,938	($2,382,263)
4	October 2005	278,865	2,519	276,346	$10.1188	$2,796,286	$60,374	$2,856,660	$8,978,735	$6,122,075
5	November 2005	772,969	6,149	766,820	$12.9657	$9,942,341	$87,348	$10,029,689	$16,664,340	$6,634,651
6	December 2005	1,733,771	2,428	1,731,343	$15.3223	$26,528,157	$78,328	$26,606,484	$30,352,882	$3,746,398
7	January 2006	2,107,138	5,477	2,101,661	$15.3548	$32,270,581	$124,428	$32,395,009	$21,916,422	($10,478,587)
8	February 2006	1,715,692	2,301	1,713,391	$12.3406	$21,144,303	$70,243	$21,214,546	$19,646,500	($1,568,046)
9	March 2006	1,592,272	5,433	1,586,839	$11.7832	$18,698,092	$75,493	$18,773,584	$11,738,087	($7,035,497)
10	April 2006	1,018,897	3,599	1,015,298	$11.7716	$11,951,693	$74,067	$12,025,759	$4,252,038	($7,773,722)
11	May 2006	480,311	1,849	478,462	$11.7716	$5,632,266	$49,848	$5,682,113	$4,096,172	($1,585,942)
12	June 2006	294,462	(1,588)	296,050	$10.7242	$3,174,910	$19,779	$3,194,689	($3,386,593)	($6,581,282)
13	TOTAL	10,598,996	34,869	10,564,127		$137,915,606	$822,052	$138,737,658	$114,417,757	($24,319,902)
14	Off-System Sales									($740,813)
15	Capacity Release									($217,235)
16	Gas Cost Audit									$0
17	TOTAL (OVER)/UNDER-RECOVERY									($25,277,950)
18	Demand Revenues Received									$13,223,300
19	Demand Cost of Gas									$18,670,400
20	Demand Under Recovery									$5,447,100
21	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2007									15,162,300
22	DEMAND ACA TO EXPIRE AUGUST 31, 2007									$0.3593
23	Commodity Revenues Received									$125,514,365
24	Commodity Cost of Gas									$94,789,308
25	Commodity Under Recovery									($30,725,056)
26	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2007									15,162,300
27	COMMODITY ACA TO EXPIRE AUGUST 31, 2007									($2.0264)
28	TOTAL ACA TO EXPIRE AUGUST 31, 2007									($1.6671)

STATEMENT SHOWING ACTUAL COST RECOVERY FROM CUSTOMERS TAKING STANDBY SERVICE UNDER RATE SCHEDULE IS AND GSO
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006

LINE NO.	MONTH	SS Commodity Volumes (1) Mcf	Average SS Recovery Rate (2) $/Mcf	SS Commodity Recovery (3) $
1	July 2005	1,197	$10.3208	$12,354
2	August 2005	3,161	$8.5987	$27,180
3	September 2005	2,344	$8.5987	$20,155
4	October 2005	2,519	$8.5987	$21,660
5	November 2005	6,149	$7.8885	$48,506
6	December 2005	2,428	$16.0929	$39,074
7	January 2006	5,477	$14.7332	$80,694
8	February 2006	2,301	$13.2956	$30,593
9	March 2006	5,433	$8.3922	$45,595
10	April 2006	3,599	$9.0040	$32,405
11	May 2006	1,849	$9.6990	$17,933
12	June 2006	(1,588)	$9.6990	($15,402)
13	**Total SS Commodity Recovery**			$360,749

LINE NO.	MONTH	SS Demand Volumes (1) Mcf	Average SS Demand Rate (2) $/Mcf	SS Demand Recovery (3) $
14	July 2005	5,956	$6.9200	$41,216
15	August 2005	5,956	$6.8200	$40,620
16	September 2005	5,956	$6.8200	$40,620
17	October 2005	5,956	$6.5000	$38,714
18	November 2005	5,832	$6.6600	$38,841
19	December 2005	5,894	$6.6600	$39,254
20	January 2006	5,894	$7.4200	$43,734
21	February 2006	5,763	$6.8800	$39,650
22	March 2006	5,363	$5.5748	$29,898
23	April 2006	6,359	$6.5516	$41,661
24	May 2006	4,865	$6.5600	$31,914
25	June 2006	5,363	$6.5600	$35,181
26	**Total SS Demand Recovery**			$461,303
27	**TOTAL SS AND GSO RECOVERY**			$822,051

BALANCE ADJUSTMENT

COLUMBIA GAS OF KENTUCKY, INC.

CALCULATION OF BALANCING ADJUSTMENT
TO BE EFFECTIVE SEPTEMBER 1, 2006

Line No.	Description	Detail $	Amount $
1	**RECONCILIATION OF A PREVIOUS SUPPLIER REFUND ADJUSTMENT (a)**		
2	Total adjustment to have been distributed to		
3	customers in Case No. 2005-00051	($50,718.56)	
4	Less: actual amount distributed	($48,549.32)	
5	REMAINING AMOUNT		($2,169.24)
6	**RECONCILIATION OF A PREVIOUS SUPPLIER REFUND ADJUSTMENT (a)**		
7	Total adjustment to have been distributed to		
8	customers in Case No. 2005-00179	($104,984.31)	
9	Less: actual amount distributed	($103,966.87)	
10	REMAINING AMOUNT		($1,017.44)
11	**RECONCILIATION OF A PREVIOUS SUPPLIER REFUND ADJUSTMENT (a)**		
12	Total adjustment to have been distributed to		
13	customers in Case No. 2005-00179	($5,509.09)	
14	Less: actual amount distributed	($5,670.93)	
15	REMAINING AMOUNT		$161.84
16	**RECONCILIATION OF A PREVIOUS SUPPLIER REFUND ADJUSTMENT (a)**		
17	Total adjustment to have been distributed to		
18	customers in Case No. 2005-00179	($4,665.28)	
19	Less: actual amount distributed	($4,725.77)	
20	REMAINING AMOUNT		$60.49
21	**RECONCILIATION OF A PREVIOUS BALANCING ADJUSTMENT (a)**		
22	Total adjustment to have been collected from		
22	customers in Case No. 2005-00318	$39,128.00	
23	Less: actual amount collected	$31,057.85	
24	REMAINING AMOUNT		$8,070.15
25	**TOTAL BALANCING ADJUSTMENT AMOUNT**		**$5,105.80**
26	Divided by: projected sales volumes for the six months		
27	ended February 28, 2007		7,894,306
28	**BALANCING ADJUSTMENT (BA) TO**		
29	**EXPIRE February 28, 2007**		$ 0.0006

Columbia Gas of Kentucky, Inc.
Supplier Refund Adjustment
Supporting Data

Case No. 2005-00051

Expires 02/28/06	Volume	Refund Rate	Refund Amount	Refund Balance
				($50,718.56)
March 2005	1,635,850	($0.0049)	($8,015.67)	($42,702.89)
April 2005	1,060,810	($0.0049)	($5,197.97)	($37,504.92)
May 2005	494,629	($0.0049)	($2,423.68)	($35,081.24)
June 2005	264,598	($0.0049)	($1,296.53)	($33,784.71)
July 2005	181,900	($0.0049)	($891.31)	($32,893.40)
August 2005	182,931	($0.0049)	($896.36)	($31,997.04)
September 2005	230,694	($0.0049)	($1,130.40)	($30,866.64)
October 2005	238,197	($0.0049)	($1,167.17)	($29,699.47)
November 2005	681,321	($0.0049)	($3,338.47)	($26,361.00)
December 2005	1,522,244	($0.0049)	($7,459.00)	($18,902.00)
January 2006	1,867,283	($0.0049)	($9,149.69)	($9,752.31)
February 2006	1,538,461	($0.0049)	($7,538.46)	($2,213.85)
March 2006	9,105	($0.0049)	($44.61)	($2,169.24)
			($48,549.32)	

SUMMARY:

REFUND AMOUNT	($50,718.56)
AMOUNT ACTUALLY REFUNDED	($48,549.32)
TOTAL REMAINING TO BE COLLECTED	($2,169.24)

Columbia Gas of Kentucky, Inc.
Supplier Refund Adjustment
Supporting Data

Case No. 2005-00179

Expires 05/31/06	Volume	Refund Rate	Refund Amount	Refund Balance
				($104,984.31)
June 2005	268,709	($0.0110)	($2,955.80)	($102,028.51)
July 2005	181,900	($0.0110)	($2,000.90)	($100,027.61)
August 2005	182,931	($0.0110)	($2,012.24)	($98,015.37)
September 2005	230,694	($0.0110)	($2,537.63)	($95,477.74)
October 2005	238,197	($0.0110)	($2,620.17)	($92,857.57)
November 2005	681,321	($0.0110)	($7,494.53)	($85,363.04)
December 2005	1,522,244	($0.0110)	($16,744.68)	($68,618.36)
January 2006	1,867,283	($0.0110)	($20,540.11)	($48,078.25)
February 2006	1,538,461	($0.0110)	($16,923.07)	($31,155.18)
March 2006	1,422,086	($0.0110)	($15,642.95)	($15,512.23)
April 2006	900,150	($0.0110)	($9,901.65)	($5,610.58)
May 2006	418,455	($0.0110)	($4,603.01)	($1,007.57)
June 2006	(897)	($0.0110)	$9.87	($1,017.44)
			($103,966.87)	

<u>SUMMARY:</u>	
REFUND AMOUNT	($104,984.31)
AMOUNT ACTUALLY REFUNDED	($103,966.87)
TOTAL REMAINING TO BE COLLECTED	($1,017.44)

Columbia Gas of Kentucky, Inc.
Supplier Refund Adjustment
Supporting Data

Case No. 2005-00179

Expires 05/31/06	Volume	Refund Rate	Refund Amount	Refund Balance
				($5,509.09)
June 2005	268,709	($0.0006)	($161.23)	($5,347.86)
July 2005	181,900	($0.0006)	($109.14)	($5,238.72)
August 2005	182,931	($0.0006)	($109.76)	($5,128.96)
September 2005	230,694	($0.0006)	($138.42)	($4,990.54)
October 2005	238,197	($0.0006)	($142.92)	($4,847.62)
November 2005	681,321	($0.0006)	($408.79)	($4,438.83)
December 2005	1,522,244	($0.0006)	($913.35)	($3,525.48)
January 2006	1,867,283	($0.0006)	($1,120.37)	($2,405.11)
February 2006	1,538,461	($0.0006)	($923.08)	($1,482.03)
March 2006	1,422,086	($0.0006)	($853.25)	($628.78)
April 2006	900,150	($0.0006)	($540.09)	($88.69)
May 2006	418,455	($0.0006)	($251.07)	$162.38
June 2006	(897)	($0.0006)	$0.54	$161.84
			($5,670.93)	

SUMMARY:	
REFUND AMOUNT	($5,509.09)
AMOUNT ACTUALLY REFUNDED	($5,670.93)
TOTAL REMAINING TO BE COLLECTED	$161.84

Columbia Gas of Kentucky, Inc.
Supplier Refund Adjustment
Supporting Data

Case No. 2005-00179

Expires 05/31/06	Volume	Refund Rate	Refund Amount	Refund Balance
				($4,665.28)
June 2005	268,709	($0.0005)	($134.35)	($4,530.93)
July 2005	181,900	($0.0005)	($90.95)	($4,439.98)
August 2005	182,931	($0.0005)	($91.47)	($4,348.51)
September 2005	230,694	($0.0005)	($115.35)	($4,233.16)
October 2005	238,197	($0.0005)	($119.10)	($4,114.06)
November 2005	681,321	($0.0005)	($340.66)	($3,773.40)
December 2005	1,522,244	($0.0005)	($761.12)	($3,012.28)
January 2006	1,867,283	($0.0005)	($933.64)	($2,078.64)
February 2006	1,538,461	($0.0005)	($769.23)	($1,309.41)
March 2006	1,422,086	($0.0005)	($711.04)	($598.37)
April 2006	900,150	($0.0005)	($450.08)	($148.29)
May 2006	418,455	($0.0005)	($209.23)	$60.94
June 2006	(897)	($0.0005)	$0.45	$60.49
			($4,725.77)	

SUMMARY:	
REFUND AMOUNT	($4,665.28)
AMOUNT ACTUALLY REFUNDED	($4,725.77)
TOTAL REMAINING TO BE COLLECTED	$60.49

Columbia Gas of Kentucky, Inc.
Balancing Adjustment
Supporting Data

Case No. 2005-00318

Expires: 02/28/06	Volume	Surcharge Rate	Surcharge Amount	Surcharge Balance
Beginning Balance				$39,128.00
September 2005	187,088	$0.0051	$954.15	$38,173.85
October 2005	241,113	$0.0051	$1,229.68	$36,944.17
November 2005	686,877	$0.0051	$3,503.07	$33,441.10
December 2005	1,532,171	$0.0051	$7,814.07	$25,627.03
January 2006	1,877,423	$0.0051	$9,574.86	$16,052.17
February 2006	1,555,556	$0.0051	$7,933.34	$8,118.83
March 2006	9,545	$0.0051	$48.68	$8,070.15
TOTAL SURCHARGE COLLECTED			$31,057.85	

SUMMARY:	
SURCHARGE AMOUNT	$39,128.00
AMOUNT ACTUALLY COLLECTED	$31,057.85
AMOUNT TO BE COLLECTED	$8,070.15

SAS ADJUSTMENT

COLUMBIA GAS OF KENTUCKY, INC.

SPECIAL AGENCY SERVICE
ACTUAL SAS VOLUMES DELIVERED
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006

Line No.	Month	SAS Volumes Delivered (Mcf)
1	July 2005	977
2	August 2005	1,352
3	September 2005	1,253
4	October 2005	2,604
5	November 2005	5,480
6	December 2005	8,467
7	January 2006	7,329
8	February 2006	7,200
9	March 2006	6,302
10	April 2006	3,247
11	May 2006	2,704
12	June 2006	1,360
13	TOTAL SAS VOLUMES DELIVERED	48,275
14	**TOTAL AGENCY FEE TO BE REFUNDED**	($2,413.75)
15	(Line No. 13 * $0.05 per MCF)	
16	DIVIDED BY: Projected Sales and Choice Volumes for the TME August 31, 2007	15,162,300
17	**ANNUAL AGENCY FEE REFUND ADJUSTMENT**	**($0.0002)**
18	**(EXPIRES AUGUST 31, 2007)**	

DETAIL SUPPORTING

DEMAND/COMMODITY SPLIT

COLUMBIA GAS OF KENTUCKY
CASE NO. 2006 - 00366 Effective September 2006 Billing Cycle

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	$1.2767	
Demand ACA (Schedule No. 2, Sheet 1, Line 23)	0.3593	
Refund Adjustment (Schedule No. 4)	-0.0132	
SAS Refund Adjustment (Schedule No. 5)	-0.0002	
Total Demand Rate per Mcf	$1.6226	<— to Att. E, line 21
Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	$8.7472	
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$2.0264	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	$0.0006	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0230	
Total Commodity Rate per Mcf	$6.7444	
CHECK:	$1.6226	
	$6.7444	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	$8.3670	
Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment		
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$2.0264	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	$0.0006	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0230	
Total Commodity Rate per Mcf	-$2.0028	

Columbia Gas of Kentucky, Inc.
CKY Choice Program
100% Load Factor Rate of Assigned FTS Capacity
Balancing Charge
Sept - Nov 06

Line No.	Description		Contract Volume Dth Sheet 3 (1)	Retention (2)	Monthly demand charges $/Dth Sheet 3 (3)	# months A/ (4)	Assignment proportions lines 4, 5 (5)	Adjustment for retention on downstream pipe, if any (6) = 1 / (100%-col2)	Annual costs $/Dth (7) = 3 * 4 * 5 * 6	Annual costs $/MCF
	City gate capacity assigned to Choice marketers									
	Contract									
1	CKT FTS/SST		28,000	0.644%						
2	TCO FTS		20,014	2.007%						
3	Total		48,014							
	Assignment Proportions									
4	CKT FTS/SST	1 / 3	58.32%							
5	TCO FTS	2 / 3	41.68%							
	Annual demand cost of capacity assigned to choice marketers									
11	CKT FTS				$0.5090	12	0.5832	1.0000	$3.5620	
12	TCO SST @ CKT FTS rate				$1.5300	0	0.5832	1.0000	$0.0000	
13	TCO FTS				$5.9410	12	0.4168	1.0000	$29.7171	
14	Gulf FTS-1, upstream to CKT FTS				$3.1450	12	0.5832	1.0065	$22.1512	
15	TGP FTS-A, upstream to TCO FTS				$4.6238	12	0.4168	1.0205	$23.6021	
16	*Total Demand Cost of Assigned FTS, per unit*								$79.0325	$83.4188
17	100% Load Factor Rate (16 / 365 days)									$0.2285
	Balancing charge, paid by Choice marketers									
21	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5									$1.6226
22	Less credit for cost of assigned capacity									($0.2285)
23	Plus storage commodity costs incurred by CKY for the Choice marketer									$0.1216
24	Balancing Charge, per Mcf *sum(21:23)*									$1.5157

A/ TCO SST and CKT, together total 12 months.

PIPELINE COMPANY TARIFF SHEETS

Currently Effective Rates
Applicable to Rate Schedule FTS and NTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FTS									
Reservataion Charge 3/	$	5.575	0.354	-0.017	0.029	0.000	-	5.941	0.195
Commodity									
Maximum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Minimum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Overrun	¢	19.37	1.41	-0.06	0.36	0.01	0.18	21.27	21.27
Rate Schedule NTS									
Reservation Charge 3/	$	7.084	0.354	-0.017	0.029	0.000	-	7.450	0.245
Commodity									
Maximum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Minimum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Overrun	¢	24.33	1.41	-0.06	0.36	0.01	0.18	26.23	26.23

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.

2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

3/ Minimum reservation charge is $0.00.

Currently Effective Rates
Applicable to Rate Schedule SST and GTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule SST									
Reservation Charge 3/	$	5.405	0.354	-0.017	0.029	0.000	-	5.771	0.190
Commodity									
Maximum	¢	1.02	0.25	0.00	0.26	0.01	0.18	1.72	1.72
Minimum	¢	1.02	0.25	0.00	0.26	0.01	0.18	1.72	1.72
Overrun	¢	18.79	1.41	-0.06	0.36	0.01	0.18	20.69	20.69
Rate Schedule GTS									
Commodity									
Maximum	¢	74.23	2.58	-0.11	0.45	0.01	0.18	77.34	77.34
Minimum	¢	3.08	0.25	-0.11	0.26	0.01	0.18	3.67	3.67
MFCC	¢	71.15	2.33	0.00	0.19	0.00	-	73.67	73.67

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Currently Effective Rates
Applicable to Rate Schedule FSS, ISS, and SIT
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FSS									
Reservation Charge	$	1.500	-	-	-	-	-	1.500	0.049
Capacity	¢	2.88	-	-	-	-	-	2.88	2.88
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Overrun	¢	10.87	-	-	-	-	-	10.87	10.87
Rate Schedule ISS									
Commodity									
Maximum	¢	5.92	-	-	-	-	-	5.92	5.92
Minimum	¢	0.00	-	-	-	-	-	0.00	0.00
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT									
Commodity									
Maximum	¢	4.11	-	-	-	-	-	4.11	4.11
Minimum	¢	1.53	-	-	-	-	-	1.53	1.53

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Currently Effective Rates
Applicable to Rate Schedule PTS-1
Rates per Dth

	Base Rate (1) $	Annual Charge Adjustment (2) $ 1/	Subtotal (3) $	Total Effective Rate (4) $	Daily Rate (5) $	Company Use and Unaccounted For (6) %
Rate Schedule PTS-1						
Rayne, LA To Points North						
Reservation Charge 2/	3.1450	-	3.1450	3.1450	0.1034	-
Commodity						
Maximum	0.0170	0.0018	0.0188	0.0188	0.0188	2.265
Minimum	0.0170	0.0018	0.0188	0.0188	0.0188	2.265
Overrun	0.1204	0.0018	0.1222	0.1222	0.1222	2.265

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Currently Effective Rates
Applicable to Rate Schedules FTS and ITS
Rate per Dth

		Annual				
Base	Charge	Total	Daily			
		Tariff Rate	Adjustment	Effective Rate	Rate	
Rate Schedule FTS						
Reservation Charge						
Maximum	$	0.509	-	0.509	0.0167	
Minimum	$	0.509	-	0.509	0.0167	
Commodity Charge						
Maximum	¢	0.00	0.18	0.18	0.18	
Minimum	¢	0.00	0.18	0.18	0.18	
Overrun	¢	1.67	0.18	1.85	1.85	
Rate Schedule ITS						
Commodity Charge						
Maximum	¢	1.67	0.18	1.85	1.85	
Minimum	¢	1.67	0.18	1.85	1.85	

RETAINAGE PERCENTAGE
Transportation Retainage 0.000%

PROPOSED TARIFF SHEETS

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Commodity $	Total Billing Rate $	
RATE SCHEDULE GSR					
First 1 Mcf or less per billing period	6.95	1.6226	6.7444	15.3170	R
Over 1 Mcf per billing period	1.8715	1.6226	6.7444	10.2385	R
RATE SCHEDULE GSO					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	1.6226	6.7444	27.2470	R
Next 49 Mcf per billing period	1.8715	1.6226	6.7444	10.2385	R
Next 350 Mcf per billing period	1.8153	1.6226	6.7444	10.1823	R
Next 600 Mcf per billing period	1.7296	1.6226	6.7444	10.0966	R
Over 1000 Mcf per billing period	1.5802	1.6226	6.7444	9.9472	R
Delivery Service					
Administrative Charge	55.90			55.90	
Standby Service Demand Charge					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		6.5482		6.5482	R
Delivery Rate Per Mcf					
First 400 Mcf per billing period	1.8153			1.8153	
Next 600 Mcf per billing period	1.7296			1.7296	
All Over 1000 Mcf per billing period	1.5802			1.5802	
Former IN8 Rate Per Mcf	1.0575			1.0575	
Banking and Balancing Service		0.0205		0.0205	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS, IN6, or IUS and received service under Rate Schedule SVGTS shall be $10.0239 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS R

(R) Reduction

DATE OF ISSUE: July 31, 2006

DATE EFFECTIVE: September 2006 Billing Cycle (August 29, 2006)

ISSUED BY: Joseph W. Kelly President

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GPR[3/]					
First 1 Mcf or less per billing period	6.95	N/A	N/A	N/A	
Over 1 Mcf per billing period	1.8715	N/A	N/A	N/A	
RATE SCHEDULE GPO[3/]					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	N/A	N/A	N/A	
Next 49 Mcf per billing period	1.8715	N/A	N/A	N/A	
Next 350 Mcf per billing period	1.8153	N/A	N/A	N/A	
Next 600 Mcf per billing period	1.7296	N/A	N/A	N/A	
Over 1000 Mcf per billing period	1.5802	N/A	N/A	N/A	
RATE SCHEDULE IS					
Customer Charge per billing period	116.55			116.55	
First 30,000 Mcf	0.5467		6.7444 [2/]	7.2911	R
Over 30,000 Mcf	0.2905		6.7444 [2/]	7.0349	R
Standby Service Demand Charge					
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.5482		6.5482	R
Delivery Service1					
Administrative Charge	55.90			55.90	
First 30,000 Mcf	0.5467				
Over 30,000 Mcf	0.2905			0.2905	
Banking and Balancing Service	0.0205			0.0205	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.

3/ Currently, there are no customers on this rate schedule.

(R) – Reduction

DATE OF ISSUE: July 31, 2006

DATE EFFECTIVE: September 2006 Billing Cycle (August 29, 2006)

ISSUED BY: Joseph W. Kelly, President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE IUS					
For All Volumes Delivered Per Mcf	0.3038	1.6226	6.7444	8.6708	R
Delivery Service					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.3038	1.6226		1.9264	I
Banking and Balancing Service		0.0205		0.0205	
MAINLINE DELIVERY SERVICE					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.0858			0.0858	
Banking and Balancing Service		0.0205		0.0205	

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

R – Reduction I- Increase

DATE OF ISSUE: July 31, 2006

DATE EFFECTIVE: September 2006 Billing Cycle (August 29, 2006)

ISSUED BY: Joseph W. Kelly, President

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS	**Delivery Charge per Mcf**	
General Service Residential		
First 1 Mcf or less per billing period	$ 6.95 (Minimum Bill)	
Over 1 Mcf per billing period	1.8715	
General Service Other		
First 1 Mcf or less per billing period	$18.88 (Minimum Bill)	
Next 49 Mcf per billing period	1.8715	
Next 350 Mcf per billing period	1.8153	
Next 600 Mcf per billing period	1.7296	
Over 1000 Mcf per billing period	1.5802	
Intrastate Utility Service		
For all volumes per billing period	$ 0.038	
Actual Gas Cost Adjustment		
For all volumes per billing period	$ (2.0028)	I
Rate Schedule SVAS		
Balancing Charge – per Mcf	$ 1.5157	I

(I) Increase

DATE OF ISSUE: July 31, 2006

DATE EFFECTIVE: September 2006 Billing Cycle (August 29, 2006)

ISSUED BY: Joseph W. Kelly, President

BEFORE THE
PUBLIC SERVICE COMMISSION
OF KENTUCKY

COLUMBIA GAS OF KENTUCKY, INC.

CASE 2006-000179
REVISED

GAS COST ADJUSTMENT AND REVISED RATES OF
COLUMBIA GAS OF KENTUCKY, INC. PROPOSED TO BECOME
EFFECTIVE JUNE 2006 BILLINGS

Columbia Gas of Kentucky, Inc.
Comparison of Current and Proposed GCAs

		March-06 CURRENT	June-06 PROPOSED	DIFFERENCE
1	Commodity Cost of Gas	$10.5575	$9.4889	($1.0686)
2	Demand Cost of Gas	$1.2141	$1.2146	$0.0005
3	Total: Expected Gas Cost (EGC)	$11.7716	$10.7035	($1.0681)
4	SAS Refund Adjustment	($0.0001)	($0.0001)	$0.0000
5	Balancing Adjustment	($0.0026)	($0.0026)	$0.0000
6	Supplier Refund Adjustment	($0.0246)	($0.0132)	$0.0114
7	Actual Cost Adjustment	($0.7033)	($0.7033)	$0.0000
8	Gas Cost Incentive Adjustment	$0.0000	$0.0230	$0.0230
9	Cost of Gas to Tariff Customers (GCA)	$11.0410	$10.0073	($1.0337)
10	Transportation TOP Refund Adjustment	$0.0000	$0.0000	$0.0000
11	Banking and Balancing Service	$0.0205	$0.0205	$0.0000
12	Rate Schedule FI and GSO			
13	Customer Demand Charge	$6.5610	$6.5490	($0.0120)

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause
Gas Cost Recovery Rate
June - Aug 2006

REVISED

2007-00008 AG Set 1-129 Attachment 4.pdf

Line No.	Description		Amount	Expires
1	Expected Gas Cost (EGC)	Schedule No. 1	$10.7035	
2	Actual Cost Adjustment (ACA)	Schedule No. 2	($0.7033)	8-31-06
3	SAS Refund Adjustment (RA)	Schedule No. 5	($0.0001)	8-31-06
4	Supplier Refund Adjustment (RA)	Schedule No. 4	($0.0007)	05-31-07
		Schedule No. 4 Case No. 2006-	($0.0124)	02-28-07
		Schedule No. 4 Case No. 2005-00318	($0.0001)	11-30-06
		Total Refunds	($0.0132)	
5	Balancing Adjustment (BA)	Schedule No. 3	($0.0026)	8-31-06
6	Gas Cost Incentive Adjustment	Schedule No. 6	$0.0230	5-31-07
7	Gas Cost Adjustment			
8	June - Aug 2006		$10.0073	
9	Expected Demand Cost (EDC) per Mcf			
10	(Applicable to Rate Schedule IS/SS and GSO)	Schedule No. 1, Sheet 4	$6.5490	

E FILED: May 12, 2006 BY: J. M. Cooper

Columbia Gas of Kentucky, Inc.
Expected Gas Cost for Sales Customers
June - Aug 2006

Schedule No. 1
Sheet 1

Line No.	Description		Reference	Volume A/ Mcf (1)	Volume A/ Dth. (2)	Rate Per Mcf (3)	Rate Per Dth (4)	Cost (5)
	Storage Supply							
	Includes storage activity for sales customers only							
	Commodity Charge							
1	Withdrawal				0		$0.0153	$0
2	Injection				2,254,000		$0.0153	$34,486
3	Withdrawals: gas cost includes pipeline fuel and commodity charges				0		$0.00	$0
	Total							
4	Volume	= 3			0			
5	Cost	sum(1:3)						$34,486
6	Summary	4 or 5			0			$34,486
	Flowing Supply							
	Excludes volumes injected into or withdrawn from storage.							
	Net of pipeline retention volumes and cost. Add unit retention cost on line 17							
7	Non-Appalachian		Sch.1, Sht. 5, Ln. 4		739,000			$6,341,002
8	Appalachian Supplies		Sch.1, Sht. 6, Ln. 4		61,000			$517,000
9	Less Fuel Retention By Interstate Pipelines		Sch. 1,Sheet 7, Lines 21, 22		(109,000)			($1,072,312)
10	Total	7 + 8 + 9			691,000			$5,785,690
	Total Supply							
11	At City-Gate		Line 6 + 10		691,000			$5,820,176
	Lost and Unaccounted For							
12	Factor				-0.9%			
13	Volume		Line 11 * 12		(6,219)			
14	At Customer Meter		Line 11 + 13		684,781			
15	**Sales Volume**		Line 14	648,774	684,781			
	Unit Costs $/MCF							
	Commodity Cost							
16	Excluding Cost of Pipeline Retention		Line 11 / Line 15			$8.9710		
17	Annualized Unit Cost of Retention		Sch. 1,Sheet 7, Line 24			$0.5179		
18	Including Cost of Pipeline Retention		Line 16 + 17			$9.4889		
19	Demand Cost		Sch.1, Sht. 2, Line 9			$1.2146		
20	Total Expected Gas Cost (EGC)		Line 18 + 19			$10.7035		

A/ BTU Factor = 1.0555 Dth/MCF

Columbia Gas of Kentucky, Inc.
GCA Unit Demand Cost
June - Aug 2006

Schedule No. 1
Sheet 2

Line No.	Description		Reference		
1	Expected Demand Cost: Annual June 2006 - May 2007		Sch. No.1, Sheet 3, Ln. 41	$20,020,561	
2	Less Rate Schedule IS/SS and GSO Customer Demand Charge Recovery		Sch. No.1, Sheet 4, Ln. 10	-$449,363	
3	Less Storage Service Recovery from Delivery Service Customers			-$157,815	
4	Net Demand Cost Applicable	1 + 2 + 3		$19,413,382	
	Projected Annual Demand: Sales + Choice June 2006 - May 2007				
	At city-gate				
	In Dth			17,023,000	Dth
	Heat content			1.0555	Dth/MCF
5	In MCF			16,127,901	MCF
	Lost and Unaccounted - For				
6	Factor			0.9%	
7	Volume	5 * 6		145,151	MCF
8	At Customer Meter	5 - 7		15,982,750	MCF
9	Unit Demand Cost (7 / 10)	To Sheet 1, line 19		$1.2146	per MCF

Columbia Gas of Kentucky, Inc.
Annual Demand Cost of Interstate Pipeline Capacity
June 2006 - May 2007

Schedule No. 1
Sheet 3

Line No.	Description		Dth	Monthly Rate $/Dth	# Months	Expected Annual Demand Cost
	Columbia Gas Transmission Corporation					
	Firm Storage Service (FSS)					
1	FSS Max Daily Storage Quantity (MDSQ)		220,880	$1.5000	12	$3,975,840
2	FSS Seasonal Contract Quantity (SCQ)		11,264,911	$0.0288	12	$3,893,153
	Storage Service Transportation (SST)					
3	Summer	June - Sept. 06, Apr. - May 07	110,440	$4.1850	6	$2,773,148
4	Winter	Oct. 06 - Mar. 07	220,880	$4.1850	6	$5,546,297
5	Firm Transportation Service (FTS)		20,014	$5.9410	12	$1,426,838
6	Subtotal	sum(1:5)				$17,615,277
	Columbia Gulf Transmission Company					
11	FTS - 1 (Mainline)		28,991	$3.1450	12	$1,094,120
	Tennessee Gas					
21	Firm Transportation		20,506	$4.6238	12	$1,137,788
	Central Kentucky Transmission					
31	Firm Transportation	June 06- May 07	28,000	$0.5160	12	$173,376
41	**Total.** Used on Sheet 2, line 1					$20,020,561

Columbia Gas of Kentucky, Inc.
Gas Cost Adjustment Clause

pected Demand Costs Recovered Annually From Rate Schedule IS/SS and GSO Customers
June - Aug 2006

Line No.	Description		Capacity Daily Dth (1)	# Months (2)	Annualized Dth (3) = (1) x (2)	Units	Annual Cost (3)
1	Expected Demand Costs (Per Sheet 3)						$20,020,561
	City-Gate Capacity:						
	Columbia Gas Transmission						
2	Firm Storage Service - FSS		220,880	12	2,650,560		
3	Firm Transportation Service - FTS		20,014	12	240,168		
4	Central Kentucky Transportation	June 06 - May 07	28,000	12	336,000		
5	Total	2 + 3 + 4			3,226,728	Dth	
6	Divided by Average BTU Factor				1.0555	Dth/MCF	
7	Total Capacity - Annualized	Line 5/ Line 6			3,057,061	Mcf	
8	Monthly Unit Expected Demand Cost (EDC) of Daily Capacity Applicable to Rate Schedules IS/SS and GSO Line 1 / Line 7				$6.5490	/Mcf	
9	Firm Volumes of IS/SS and GSO Customers		5,718	12	68,616	Mcf	
10	Expected Demand Charges to be Recovered Annually from Rate Schedule IS/SS and GSO Customers	Line 8 * Line 9			to Sheet 2, line 2		$449,363

Columbia Gas of Kentucky, Inc.
Non-Appalachian Supply: Volume and Cost
June - Aug 2006

Schedule No. 1
Sheet 5

Cost includes transportation commodity cost and retention by the interstate pipelines, but excludes pipeline demand costs.
The volumes and costs shown are for sales customers only.

		Total Flowing Supply Including Gas Injected Into Storage				Net Flowing Supply for Current Consumption	
Line No.	Month	Volume A/ Dth (1)	Cost (2)	Unit Cost $/Dth (3) = (2) / (1)	Net Storage Injection Dth (4)	Volume Dth (5) = (1) + (4)	Cost (6) = (3) x (5)
1	Jun-06	267,000	$2,189,000	$8.20	(56,000)	211,000	$1,729,884
2	Jul-06	1,370,000	$11,815,000	$8.62	(1,107,000)	263,000	$2,268,135
3	Aug-06	1,356,000	$11,989,000	$8.84	(1,091,000)	265,000	$2,342,983
4	Total 1+2+3	2,993,000	$25,993,000	$8.68	(2,254,000)	739,000	$6,341,002

A/ Gross, before retention.

Columbia Gas of Kentucky, Inc.
Appalachian Supply: Volume and Cost
June - Aug 2006

Schedule No. 1
Sheet 6

Line No.	Month		Dth (2)	Cost (3)
1	Jun-06		21,000	$173,000
2	Jul-06		20,000	$171,000
3	Aug-06		20,000	$173,000
4	Total	1 + 2 + 3	61,000	$517,000

Columbia Gas of Kentucky, Inc.
Annualized Unit Charge for Gas Retained by Upstream Pipelines
June - Aug 2006

Schedule No. 1
Sheet 7

Retention costs are incurred proportionally to the volumes purchased, but recovery of the costs is allocated to quarter by volume consumed.

			Units	June - Aug 2006	Sept - Nov 06	Dec 06 - Feb 07	Mar - May 2007	Annual June 2006 - May 2007
	Gas purchased by CKY for the remaining sales customers							
1	Volume		Dth	3,054,000	2,555,000	1,950,000	3,361,000	10,920,000
2	Commodity Cost Including Transportation			$26,510,000	$23,436,000	$23,632,000	$33,850,000	$107,428,000
3	Unit cost		$/Dth					$9.8377
	Consumption by the remaining sales customers							
11	At city gate		Dth	691,000	1,968,000	5,907,000	2,541,000	11,107,000
12	Lost and unaccounted for portion			0.90%	0.90%	0.90%	0.90%	
	At customer meters							
13	In Dth	(100% - 12) * 11	Dth	684,781	1,950,288	5,853,837	2,518,131	11,007,037
14	Heat content		Dth/MCF	1.0555	1.0555	1.0555	1.0555	
15	In MCF	13 / 14	MCF	648,774	1,847,739	5,546,032	2,385,723	10,428,268
16	Portion of annual	line 15, quarterly / annual		6.2%	17.7%	53.2%	22.9%	100.0%
	Gas retained by upstream pipelines							
21	Volume		Dth	109,000	121,000	200,000	119,000	549,000
	Cost			To Sheet 1, line 9				
22	Quarterly. Deduct from Sheet 1	3 * 21		$1,072,312	$1,190,365	$1,967,546	$1,170,690	$5,400,913
23	Allocated to quarters by consumption			$336,007	$956,964	$2,872,350	$1,235,592	$5,400,913
				To Sheet 1, line 17				
24	Annualized unit charge	23 / 15	$/MCF	$0.5179	$0.5179	$0.5179	$0.5179	$0.5179

COLUMBIA GAS OF KENTUCKY, INC.

Schedule No. 1
Sheet 8

DETERMINATION OF THE BANKING AND BALANCING CHARGE
FOR THE PERIOD BEGINNING JUNE 2008

Line No.	Description	Dth	Detail	Amount For Transportation Customers
1	Total Storage Capacity. Sheet 3, line 4	11,264,911		
2	Net Transportation Volume	8,118,967		
3	Contract Tolerance Level @ 5%	405,948		
4	Percent of Annual Storage Applicable			
5	to Transportation Customers		3.60%	
6	Seasonal Contract Quantity (SCQ)			
7	Rate		$0.0288	
8	SCQ Charge - Annualized		$3,893,153	
9	Amount Applicable To Transportation Customers			$140,154
10	FSS Injection and Withdrawal Charge			
11	Rate		0.0306	
12	Total Cost		$344,706	
13	Amount Applicable To Transportation Customers			$12,409
14	SST Commodity Charge			
15	Rate		0.0157	
16	Total Cost		$145,894	
17	Amount Applicable To Transportation Customers			$5,252
18	Total Cost Applicable To Transportation Customers			$157,815
19	Total Transportation Volume - Mcf			17,883,000
20	Flex and Special Contract Transportation Volume - Mcf			(10,190,942)
21	Net Transportation Volume - Mcf	line 19 + line 20		7,692,058
22	Banking and Balancing Rate - Mcf.	Line 18 / line 21. To line 11 of the GCA Comparison		$0.0205

REFUND ADJUSTMENT

COLUMBIA GAS OF KENTUCKY, INC.

SUPPLIER REFUND ADJUSTMENT

Line No.	Description	Amount
1	*Supplier Refund from Columbia Gas Transmission* (Jan. 2006)	$11,055
2	To Be Passed Back to Customers	
3	Interest on Refund Balances	$371
4	REFUND INCLUDING INTEREST	$11,426
5	Divided By:	
6	Projected Sales for the Twelve Months Ended May 31, 2007	15,982,750
7	**SUPPLIER REFUND TO EXPIRE May 31, 2007**	**($0.0007)**
8	**TOTAL SUPPLIER REFUND TO EXPIRE May 31, 2007**	**($0.0007)**

CKY RATE REFUND INTEREST CALCULATION
SELECTED INTEREST RATES
COMMERCIAL PAPER - 3-MONTH

February 20, 2006

RATE	MONTH	DAYS	x	DAILY RATE	x	Columbia Gas Trans.	=	INTEREST
4.37	JANUARY 2006	31		0.000092		11,054.72		31.53
4.55	FEBRUARY 2006	28		0.000092		11,054.72		28.48
4.76	MARCH 2006	31		0.000092		11,054.72		31.53
2.97	APRIL 2005	30		0.000092		11,054.72		30.51
3.09	MAY 2005	31		0.000092		11,054.72		31.53
3.27	JUNE 2005	30		0.000092		11,054.72		30.51
3.47	JULY 2005	31		0.000092		11,054.72		31.53
3.64	AUGUST 2005	31		0.000092		11,054.72		31.53
3.72	SEPTEMBER 2005	30		0.000092		11,054.72		30.51
4.01	OCTOBER 2005	31		0.000092		11,054.72		31.53
4.23	NOVEMBER 2005	30		0.000092		11,054.72		30.51
4.23	DECEMBER 2005	31		0.000092		11,054.72		31.53
46.31	TOTAL					TOTAL		371.23
0.000092	DAILY RATE							

Columbia Gas
2007-00099 Transmission Attachment 4.pdf
A NiSource Company

Thomas D. Stone
Manager
Rates & Tariffs

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tdstone@nisource.com

March 20, 2006

Federal Energy Regulatory Commission
Room 1A, East
888 First Street, N. E.
Washington, D.C. 20246

Attention: Ms. Magalie Roman Salas, Secretary

Re: Refunds under the April 17, 1995 Settlement in Docket No. GP94-02, et al.

Dear Ms. Salas:

Pursuant to Section 154.501(e) of the Federal Regulatory Commission's ("Commission") regulations, Columbia Gas Transmission Corporation ("Columbia") herewith submits an original and five paper copies of its refund report in the above referenced docket.

Statement of Nature, Reasons and Basis for Filing

On February 20, 2006 Columbia made refunds as a result of a settlement filed on April 17, 1995 in Docket GP94-02, et al. ("Settlement"). The Settlement was approved by the Commission on June 15, 1995 (Columbia Gas Transmission Corp., 71 FERC ¶ 61,337 (1995)).

The refunds made on February 20, 2006, as billing credits or checks, represent deferred tax refunds received from Trailblazer Pipeline Company (Trailblazer) of $253,319.00 and from Overthrust Pipeline Company (Overthrust) of $58,532.07 plus interest of $2,483.66 and $594.04, respectively using the FERC interest rate in accordance with the Code of Federal Regulations, Subpart F, Section 154.501 (d). These refunds were made pursuant to Article VIII, Section E of the Settlement. Per Article VIII, Section E, "Columbia shall pay to the parties (provided they are Supporting Parties), using the allocation percentages shown on Appendix G, Schedule 5 [of the Settlement], all refunds received from Wyoming Interstate Company, Ltd., Trailblazer Pipeline Company, Ozark Gas Transmission Company, Overthrust Pipeline Company and any other pipeline relating to the flowback of excess deferred income taxes collected by such upstream pipelines for the period prior to the Stipulation Filing Date with FERC Interest...."

Materials Submitted Herewith

In accordance with Section 154.501(e)(6) of the Commission's regulations, the following material is submitted herewith:

(1) Workpapers showing how the refund and interest were calculated; and

(2) A Form of Notice for this filing suitable for publication in the Federal Register, as required by Section 154.209 of the Commission's regulations, and a diskette copy of such Notice of Filing labeled "TF032006.NTA".

Waiver

Columbia respectfully requests that the Commission grant any waivers that it may deem necessary to accept this filing.

Posting and Certification of Service

Pursuant to Section 154.601(f) of the Commission's regulations, a copy of this refund report is being sent by Columbia by first-class mail, postage prepaid, to each of Columbia's customers receiving any refund and state commissions whose jurisdiction includes the location of any recipient of a refund that have made a standing request for such full reports.

Pursuant to Section 154.501(g) of the Commission's regulations, recipients of refunds and state commissions that have not made a standing request for such full report shall receive an abbreviated report.

This report is also available for public inspection during regular business hours in a convenient form and place at Columbia's offices at 12801 Fair Lakes Parkway, Fairfax, Virginia; and 10G Street, N.E., Suite 580 Washington, D.C.

Subscription

Pursuant to Section 154.4(b) of the Commission's regulations, the undersigned certifies that: (1) he knows the contents of the filing; (2) the paper copies of the filing contain the same information as that contained on the electronic media; (3) the contents are true to the best of his knowledge and belief; and (4) that he possesses the full power and authority to sign the filing.

Service on Columbia

It is respectfully requested that all Commission orders and correspondence as well as pleadings and correspondence from other persons concerning this filing be served upon the following:

*Thomas D. Stone, Manager, Rates and Tariffs
Columbia Gas Transmission Corporation
12801 Fair Lakes Parkway
Fairfax, Virginia 22033
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*Sharon Theodore, Manager, Regulatory Affairs
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* Persons designated to receive service in accordance with Rule 203 of the Commission's Rules of Practice and Procedures, 18 C.F.R § 385.203 (2006)

Respectfully submitted,

Thomas D. Stone

Thomas D. Stone
Manager, Rates and Tariffs

Enclosures

Attachment A
Sheet 1 of 2

2007-00008 AG Set 1-129 Attachment 4.pdf

COLUMBIA GAS TRANSMISSION CORPORATION
ALLOCATION OF EXCESS DEFERRED INCOME TAXES 1/
REFUNDED ON JANUARY 2006 INVOICES

LINE NO.	CUST. NO.	CUSTOMER NAME	ALLOCATION FACTOR/ 2	TRAILBLAZER REFUND	OVERTHRUST REFUND	TOTAL REFUND
1	008715	ALLIEDSIGNAL, INC. (000022) / HONEYWELL INTERNATIONAL, INC.	0.418139%	1,069.61	247.23	1,316.84
2	002277	ARLINGTON NATURAL GAS COMPANY	0.062786%	160.61	37.12	197.73
3	000074	BALTIMORE GAS & ELECTRIC	4.493301%	11,493.98	2,656.71	14,150.69
4	002278	BELFRY GAS COMPANY	0.009520%	24.35	5.63	29.98
5	000928	BETHLEHEM STEEL CORPORATION	0.418140%	1,069.61	247.23	1,316.84
6	001471	BLACKSVILLE OIL & GAS	0.007253%	18.55	4.29	22.84
7	000109	BLUEFIELD GAS COMPANY	0.162843%	416.56	96.28	512.84
8	000833	CAMERON GAS COMPANY (000145) / MOUNTAINEER GAS COMPANY	0.025839%	66.10	15.28	81.38
9	000165	CENTAL HUSDON GAS & ELECTRIC	0.209578%	536.11	123.92	660.03
10	000187	CG&E / ULH&P	5.022987%	12,848.93	2,969.90	15,818.83
11	000192	CITY OF AUGUSTA	0.033092%	84.65	19.57	104.22
12	002279	CITY OF BROOKSVILLE	0.008386%	21.45	4.96	26.41
13	002280	CITY OF CARLISLE	0.052132%	133.36	30.82	164.18
14	000193	CITY OF CHARLOTTESVILLE	0.334886%	856.60	197.99	1,054.59
15	002282	CITY OF FLEMINGSBURG	0.043065%	110.16	25.46	135.62
16	000197	CITY OF LANCASTER	0.459188%	1,174.62	271.50	1,446.12
17	010756	CITY OF NORTH MIDDLETOWN (002288) / DELTA - NORTH MIDDLETOW	0.007027%	17.98	4.15	22.13
18	000198	CITY OF RICHMOND	1.333340%	3,410.72	788.35	4,199.07
19	001472	CLAYSVILLE NATURAL GAS COMPANY	0.051451%	131.61	30.42	162.03
20	000208	COLUMBIA GAS OF KENTUCKY	3.510229%	8,979.26	2,075.46	11,054.72
21	000209	COLUMBIA GAS OF MARYLAND	0.810917%	2,074.35	479.46	2,553.81
22	000214	COLUMBIA GAS OF OHIO	32.900233%	84,159.65	19,452.67	103,612.32
23	000221	COLUMBIA GAS OF PENNSYLVANIA	9.820267%	25,120.50	5,806.34	30,926.84
24	008238	COLUMBIA GAS OF VIRGINIA	3.152522%	8,064.24	1,863.96	9,928.20
25	000261	CORNING NATURAL GAS	0.028321%	72.45	16.75	89.20
26	010316	DAYTON POWER & LIGHT (000278) / PROLIANCE ENERGY	4.426995%	11,324.37	2,617.51	13,941.88
27	001860	DELMARVA POWER & LIGHT COMPANY	0.239190%	611.85	141.42	753.27
28	000284	DELTA NATURAL GAS COMPANY	0.273577%	699.82	161.76	861.58
29	008233	EASTERN NATURAL GAS COMPANY	0.035041%	89.64	20.72	110.36
30	000314	EASTERN SHORE NATURAL GAS	0.260360%	666.01	153.94	819.95
31	000322	ELAM UTILITY COMNPANY	0.021759%	55.66	12.87	68.53
32	009872	ELIZABETHTOWN GAS (000323) / NUI	0.191352%	489.48	113.14	602.62
33	010781	GAS TRANSPORT (002416) / FIRST ENERGY	0.002392%	6.12	1.41	7.53
34	003574	INTERSTATE UTILITIES (000483) / GASCO DISTRIBUTION	0.019039%	48.70	11.26	59.96
35	010757	KANE LIGHT AND HEAT (000510) / GASCO - KANE	0.022666%	57.98	13.40	71.38
36	002283	KENTUCKY OHIO GAS COMPANY / NATURAL ENERGY UTILITY CORPO	0.004533%	11.60	2.68	14.28
37	002284	LAKESIDE GAS COMPANY	0.004760%	12.18	2.81	14.99
38	000633	MOUNTAINEER GAS COMPANY	6.162242%	15,763.18	3,643.49	19,406.67
39	002285	DELTA MT. OLIVET NATURAL GAS COMPANY	0.011332%	28.99	6.70	35.69
40	002286	MURPHY GAS	0.004079%	10.43	2.41	12.84
41	004266	NASHVILLE GAS COMPANY	0.358785%	917.78	212.14	1,129.92
42	004789	NATIONAL FUEL GAS DISTRIBUTION	0.035520%	90.86	21.00	111.86
43	000646	NATIONAL FUEL GAS SUPPLY	0.000239%	0.61	0.14	0.75
44	002297	NATIONAL GAS & OIL COOPERATIVE	0.086811%	222.06	51.33	273.39
45	007901	NEW ENGLAND POWER (005781) / US GENERATING COMPANY	0.418139%	1,069.61	247.23	1,316.84
46	002407	NEW JERSEY NATURAL GAS COMPANY	0.233145%	596.39	137.85	734.24
47	000666	NEW YORK STATE ELECTRIC & GAS (I & II)	1.535769%	3,928.54	908.04	4,836.58
48	002409	NORTH CAROLINA NATURAL GAS	0.581118%	1,486.52	343.59	1,830.11
49	004906	NORTHEAST OHIO GAS MARKETING	0.002267%	5.80	1.34	7.14
50	002436	OHIO CUMBERLAND GAS COMPANY	0.045332%	115.96	26.80	142.76
51	000700	ORANGE & ROCKLAND UTILITIES	1.233776%	3,156.03	729.48	3,885.51
52	004098	ORWELL NATURAL GAS COMPANY	0.045332%	115.96	26.80	142.76
53	000723	PPL GAS UTILITIES CORPORATION	0.405190%	1,036.49	239.57	1,276.06
54	000724	PG ENERGY INC	0.634221%	1,622.35	374.99	1,997.34
55	000726	PEOPLES NATURAL GAS COMPANY	0.069204%	177.03	40.92	217.95
56	001871	PIEDMONT NATURAL GAS COMPANY	1.345394%	3,441.55	795.48	4,237.03
57	001063	PIKE NATURAL GAS COMPANY	0.111289%	284.68	65.80	350.48
58	004351	PROVIDENCE GAS COMPANY	0.239190%	611.85	141.42	753.27
59	000778	RICHMOND UTILITIES BOARD	0.226659%	579.80	134.01	713.81
60	000784	ROANOKE GAS COMPANY	0.684083%	1,749.90	404.47	2,154.37
61	000821	SHELDON GAS COMPANY	0.043292%	110.74	25.60	136.34
62	000838	SOUTH JERSEY GAS COMPANY	1.074550%	2,748.73	635.34	3,384.07
63	000870	SUBURBAN NATURAL GAS COMPANY	0.101656%	260.04	60.11	320.15
64	002291	SWICKARD GAS COMPANY	0.023790%	60.88	14.07	74.95
65	002292	T.W. PHILLIPS GAS &OIL	0.187462%	479.53	110.84	590.37
66	000442	UGI UTILITIES	2.037635%	5,212.32	1,204.77	6,417.09

COLUMBIA GAS TRANSMISSION CORPORATION
ALLOCATION OF EXCESS DEFERRED INCOME TAXES 1/
REFUNDED ON JANUARY 2006 INVOICES

LINE NO.	CUST. NO.	CUSTOMER NAME	ALLOCATION FACTOR/ 2	TRAILBLAZER REFUND	OVERTHRUST REFUND	TOTAL REFUND
67	002294	VANCEBURG ELECTRIC	0.027879%	71.32	16.48	87.80
68	002295	VERONA NATURAL GAS COMPANY	0.018133%	46.38	10.72	57.10
69	002298	VILLAGE OF WILLIAMSPORT	0.014053%	35.95	8.31	44.26
70	006525	PARAMOUNT NATURAL GAS CO (002293) / M&B GAS SERVICES	0.007027%	17.98	4.15	22.13
71	000996	VIRGINIA NATURAL GAS	1.482977%	3,793.49	876.83	4,670.32
72	001006	WASHINGTON GAS	10.049805%	25,707.67	5,942.06	31,649.73
73	001002	WATERVILLE GAS COMPANY	0.056664%	144.95	33.50	178.45
74	001010	WATERVILLE GAS & OIL COMPANY	0.113329%	289.90	67.01	356.91
75	002400	WEST MILLGROVE GAS COMPANY	0.001814%	4.64	1.07	5.71
76	002412	WEST OHIO GAS (001020) / EAST OHIO GAS	1.393325%	3,564.16	823.82	4,387.98
77	002296	WESTERN LEWIS-RECTORVILLE	0.015868%	40.59	9.38	49.97
78	002299	ZEBULON GAS ASSOCIATION	0.004533%	11.60	2.68	14.28
79		TOTAL	100.000000%	255,802.66	59,126.11	314,928.77

1/ ALLOCATED PURSUANT TO ARTICLE VIII, SECTION E, OF COLUMBIA'S "CUSTOMER SETTLEMENT" IN DOCKET NO. GP94-02, ET AL.

2/ SEE APPENDIX G, SCHEDULE 5 OF COLUMBIA'S "CUSTOMER SETTLEMENT" IN DOCKET NO. GP94-02, ET AL.

ATTACHMENT B

COLUMBIA GAS TRANSMISSION CORPORATION
COMPUTATION OF INTEREST DUE

BUSINESS DATE	PRINCIPAL AMOUNT	FROM DATE	TO DATE	NO DAYS	INTEREST RATE	DAILY RATE	INTEREST AMOUNT	COMPOUND BASE
Trailblazer Refund								
December 2005	253,319.00	12/29/2005	12/31/2005	3	6.23%	0.000170685	129.71	253,448.71
		1/1/2006	2/20/2006	50	6.78%	0.000185753	2,353.95	255,802.66
							2,483.66	255,802.66
Trailblazer Total	253,319.00							
Overthrust Refund								
December 2005	58,532.07	12/27/2005	12/31/2005	5	6.23%	0.000170685	49.95	58,582.02
		1/1/2006	2/20/2006	50	6.78%	0.000185753	544.09	59,126.11
							594.04	59,126.11
Overthrust Total	58,532.07							
							3,077.70	314,928.77
Total Refunds	311,851.07							

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Columbia Gas Transmission Corporation) Docket No. GP94-02, et al.

NOTICE OF REFUND REPORT

Take notice that on March 20, 2006, Columbia Gas Transmission Corporation ("Columbia") tendered for filing with the Federal Energy Regulatory Commission ("Commission") its Refund Report made to comply with the April 17, 1995 Settlement ("Settlement") in Docket No. GP94-02, et al. as approved by the Commission on June 15, 1995 (Columbia Gas Transmission Corp., 71 FERC ¶ 61,337 (1995)).

On February 20, 2006 Columbia made refunds, as billing credits and with checks, in the amount of $314,928.77. The refunds represent deferred tax refunds received from Trailblazer Pipeline Company and Overthrust Pipeline Company. These refunds were made pursuant to Article VIII, Section E of the Settlement using the allocation percentages shown on Appendix G, Schedule 5 of the Settlement. The refunds include interest at the FERC rate, in accordance with the Code of Federal Regulations, Subpart F, Section 154.501 (d).

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed in accordance with the provisions of Section 154.210 of the Commission's regulations (18 CFR 154.210). Anyone filing an intervention or protest must serve a copy of that document on the Applicant. Anyone filing an intervention or protest on or before the intervention or protest date need not serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at http://www.ferc.gov. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at http://www.ferc.gov, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Magalie R. Salas
Secretary

GAS COST INCENTIVE ADJUSTMENT

COLUMBIA GAS OF KENTUCKY, INC.

GAS COST INCENTIVE ADJUSTMENT

Line No.	Description		Amount
1	Amount to be recovered For period April - October 2005		$368,262
2	Divided By: Projected Sales for the Twelve Months Ended May 31, 2007		15,982,750
3	Gas Cost Incentive Adjustment per Mcf Effective June 2007 - May 2007	$	0.0230

PIPELINE COMPANY TARIFF SHEETS

Currently Effective Rates
Applicable to Rate Schedule FTS and NTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FTS									
Reservataion Charge 3/	$	5.575	0.354	-0.017	0.029	0.000	-	5.941	0.195
Commodity									
Maximum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Minimum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Overrun	¢	19.37	1.41	-0.06	0.36	0.01	0.18	21.27	21.27
Rate Schedule NTS									
Reservation Charge 3/	$	7.084	0.354	-0.017	0.029	0.000	-	7.450	0.245
Commodity									
Maximum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Minimum	¢	1.04	0.25	0.00	0.26	0.01	0.18	1.74	1.74
Overrun	¢	24.33	1.41	-0.06	0.36	0.01	0.18	26.23	26.23

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Seventy-Ninth Revised Sheet No. 2
Currently Effecti
Superseding Seventy-Eighth Revised Sheet No. 2

Currently Effective Rates
Applicable to Rate Schedule SST and GTS
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule SST									
Reservation Charge 3/	$	5.405	0.354	-0.017	0.029	0.000	-	5.771	0.190
Commodity									
Maximum	¢	1.02	0.25	0.00	0.26	0.01	0.18	1.72	1.72
Minimum	¢	1.02	0.25	0.00	0.26	0.01	0.18	1.72	1.72
Overrun	¢	18.79	1.41	-0.06	0.36	0.01	0.18	20.69	20.59
Rate Schedule GTS									
Commodity									
Maximum	¢	74.23	2.58	-0.11	0.45	0.01	0.18	77.34	77.34
Minimum	¢	3.08	0.25	-0.11	0.26	0.01	0.18	3.67	3.67
NPCC	¢	71.15	2.33	0.00	0.19	0.00	-	73.67	73.67

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively. For rates by function, see Sheet No. 30A.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.
3/ Minimum reservation charge is $0.00.

Issued by: Thomas D.Stone, Manager
Issued on: March 1, 2006

Effective: April 1, 200

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Twenty-First Revised Sheet No. 2
Currently Effecti
Superseding Twentieth Revised Sheet No. 2

Currently Effective Rates
Applicable to Rate Schedule FSS, ISS, and SIT
Rate Per Dth

		Base Tariff Rate 1/	Transportation Cost Rate Adjustment Current	Transportation Cost Rate Adjustment Surcharge	Electric Power Costs Adjustment Current	Electric Power Costs Adjustment Surcharge	Annual Charge Adjustment 2/	Total Effective Rate	Daily Rate
Rate Schedule FSS									
Reservation Charge	$	1.500	-	-	-	-	-	1.500	0.049
Capacity	¢	2.88	-	-	-	-	-	2.88	2.88
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Overrun	¢	10.87	-	-	-	-	-	10.87	10.87
Rate Schedule ISS									
Commodity									
Maximum	¢	5.92	-	-	-	-	-	5.92	5.92
Minimum	¢	0.00	-	-	-	-	-	0.00	0.00
Injection	¢	1.53	-	-	-	-	-	1.53	1.53
Withdrawal	¢	1.53	-	-	-	-	-	1.53	1.53
Rate Schedule SIT									
Commodity									
Maximum	¢	4.11	-	-	-	-	-	4.11	4.11
Minimum	¢	1.53	-	-	-	-	-	1.53	1.53

1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
2/ ACA assessed where applicable pursuant to Section 154.402 of the Commission's Regulations.

Issued by: Carl W. Levander, Vice President
Issued on: December 30, 2005

Effective: February 1, 200[illegible]

Columbia Gulf Transmission Company
FERC Gas Tariff
Second Revised Volume No. 1

Fortieth Revised Sheet No. 1
Currently Effecti
Superseding Thirty-Ninth Revised Sheet No. 1

Currently Effective Rates
Applicable to Rate Schedule FTS-1
Rates per Dth

	Base Rate (1) $	Annual Charge Adjustment (2) $ 1/	Subtotal (3) $	Total Effective Rate (4) $	Daily Rate (5) $	Company Use and Unaccounted For (6) %
Rate Schedule FTS-1						
Rayne, LA To Points North						
Reservation Charge 2/	3.1450	-	3.1450	3.1450	0.1034	-
Commodity						
Maximum	0.0170	0.0018	0.0188	0.0188	0.0188	2.265
Minimum	0.0170	0.0018	0.0188	0.0188	0.0188	2.265
Overrun	0.1204	0.0018	0.1222	0.1222	0.1222	2.265

1/ Pursuant to Section 154.402 of the Commission's Regulations. Rate applies to all Gas Delivered and is non-cumulative, i.e., when transportation involves more than one zone, rate will be applied only one time.

2/ The Minimum Rate under Reservation Charge is zero (0).

Issued by: Thomas D. Stone, Manager
Issued on: March 1, 2006

Effective: April 1, 2006

DETAIL SUPPORTING

DEMAND/COMMODITY SPLIT

COLUMBIA GAS OF KENTUCKY
CASE NO. 2006 - 00179 **Effective June 2006 Billing Cycle**

CALCULATION OF DEMAND/COMMODITY SPLIT OF GAS COST ADJUSTMENT FOR TARIFFS

	$/MCF	
Demand Component of Gas Cost Adjustment		
Demand Cost of Gas (Schedule No. 1, Sheet 1, Line 19)	$1.2146	
Demand ACA (Schedule No. 2, Sheet 1, Line 23)	0.1526	
Refund Adjustment (Schedule No. 4)	-0.0132	
SAS Refund Adjustment (Schedule No. 5)	-0.0001	
Total Demand Rate per Mcf	$1.3539	<--- to Att. E, line 21
Commodity Component of Gas Cost Adjustment		
Commodity Cost of Gas (Schedule No. 1, Sheet 1, Line 18)	$9.4889	
Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$0.8559	
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-$0.0026	
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0230	
Total Commodity Rate per Mcf	$8.6534	
CHECK:	$1.3539	
	$8.6534	
COST OF GAS TO TARIFF CUSTOMERS (GCA)	$10.0073	

Calculation of Rate Schedule SVGTS - Actual Gas Cost Adjustment

Commodity ACA (Schedule No. 2, Sheet 1, Line 28)	-$0.8559
Balancing Adjustment (Schedule No. 3, Sheet 1, Line 21)	-$0.0026
Gas Cost Incentive Adjustment (Schedule No. 6)	$0.0230
Total Commodity Rate per Mcf	-$0.8355

Columbia Gas of Kentucky, Inc.
CKY Choice Program
100% Load Factor Rate of Assigned FTS Capacity
Balancing Charge
June - Aug 2006

Line No.	Description		Contract Volume Dth Sheet 3 (1)	Retention (2)	Monthly demand charges $/Dth Sheet 3 (3)	# months A/ (4)	Assignment proportions lines 4, 5 (5)	Adjustment for retention on downstream pipe, if any (6) = 1 / (100%-col2)	Annual costs $/Dth (7) = 3 * 4 * 5 * 6	Annual costs $/MCF
City gate capacity assigned to Choice marketers										
	Contract									
1	CKT FTS/SST		28,000	1.000%						
2	TCO FTS		20,014	2.007%						
3	Total		48,014							
	Assignment Proportions									
4	CKT FTS/SST	1 / 3	58.32%							
5	TCO FTS	2 / 3	41.68%							
Annual demand cost of capacity assigned to choice marketers										
11	CKT FTS				$0.5160	12	0.5832	1.0000	$3.6109	
12	TCO SST @ CKT FTS rate				$1.5300	0	0.5832	1.0000	$0.0000	
13	TCO FTS				$5.9410	12	0.4168	1.0000	$29.7171	
14	Gulf FTS-1, upstream to CKT FTS				$3.1450	12	0.5832	1.0101	$22.2309	
15	TGP FTS-A, upstream to TCO FTS				$4.6238	12	0.4168	1.0205	$23.6021	
16	Total Demand Cost of Assigned FTS, per unit								$79.1611	$83.5150
17	100% Load Factor Rate (16 / 365 days)									$0.2288
Balancing charge, paid by Choice marketers										
21	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5									$1.3539
22	Less credit for cost of assigned capacity									($0.2288)
23	Plus storage commodity costs incurred by CKY for the Choice marketer									$0.1198
24	Balancing Charge, per Mcf sum(21:23)									$1.2449

A/ TCO SST and CKT, together total 12 months.

PROPOSED TARIFF SHEETS

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Commodity $	Total Billing Rate $	
RATE SCHEDULE GSR					
First 1 Mcf or less per billing period	6.95	1.3539	8.6534	16.9573	R
Over 1 Mcf per billing period	1.8715	1.3539	8.6534	11.8788	R
RATE SCHEDULE GSO					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	1.3539	8.6534	28.8873	R
Next 49 Mcf per billing period	1.8715	1.3539	8.6534	11.8788	R
Next 350 Mcf per billing period	1.8153	1.3539	8.6534	11.8226	R
Next 600 Mcf per billing period	1.7296	1.3539	8.6534	11.7369	R
Over 1000 Mcf per billing period	1.5802	1.3539	8.6534	11.5875	R
Delivery Service					
Administrative Charge	55.90			55.90	
Standby Service Demand Charge					
Demand Charge times Daily Firm Vol. (Mcf) in Cust. Serv. Agrmt.		6.5490		6.5490	R
Delivery Rate Per Mcf					
First 400 Mcf per billing period	1.8153			1.8153	
Next 600 Mcf per billing period	1.7296			1.7296	
All Over 1000 Mcf per billing period	1.5802			1.5802	
Former IN8 Rate Per Mcf	1.0575			1.0575	
Banking and Balancing Service		0.0205		0.0205	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff. The Gas Cost Adjustment applicable to a customer who is receiving service under Rate Schedule GS, IN6, or IUS and received service under Rate Schedule SVGTS shall be $10.7035 per Mcf only for those months of the prior twelve months during which they were served under Rate Schedule SVGTS R

(R) Reduction

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle (May 31, 2006)

ISSUED BY: Joseph W. Kelly, President

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE GPR[3/]					
First 1 Mcf or less per billing period	6.95	N/A	N/A	N/A	
Over 1 Mcf per billing period	1.8715	N/A	N/A	N/A	
RATE SCHEDULE GPO[3/]					
Commercial or Industrial					
First 1 Mcf or less per billing period	18.88	N/A	N/A	N/A	
Next 49 Mcf per billing period	1.8715	N/A	N/A	N/A	
Next 350 Mcf per billing period	1.8153	N/A	N/A	N/A	
Next 600 Mcf per billing period	1.7296	N/A	N/A	N/A	
Over 1000 Mcf per billing period	1.5802	N/A	N/A	N/A	
RATE SCHEDULE IS					
Customer Charge per billing period	116.55			116.55	
First 30,000 Mcf	0.5467		8.6534 [2/]	9.2001	R
Over 30,000 Mcf	0.2905		8.6534 [2/]	8.9439	R
Standby Service Demand Charge					
Demand Charge times Daily Firm Volume (Mcf) in Customer Service Agreement		6.5490		6.5490	R
Delivery Service1					
Administrative Charge	55.90			55.90	
First 30,000 Mcf	0.5467				
Over 30,000 Mcf	0.2905			0.2905	
Banking and Balancing Service	0.0205			0.0205	

(continued on following sheet)

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.
2/ IS Customers may be subject to the Demand Gas Cost, under the conditions set forth on Sheets 14 and 15 of this tariff.
3/ Currently, there are no customers on this rate schedule.

(R) – Reduction

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle (May 31, 2006)

ISSUED BY: Joseph W. Kelly, President

COLUMBIA GAS OF KENTUCKY, INC. P.S.C. Ky. No. 5

CURRENTLY EFFECTIVE BILLING RATES

(Continued)

	Base Rate Charge $	Gas Cost Adjustment[1/] Demand $	Gas Cost Adjustment[1/] Commodity $	Total Billing Rate $	
RATE SCHEDULE IUS					
For All Volumes Delivered Per Mcf	0.3038	1.3539	8.6534	10.3111	R
Delivery Service					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.3038	1.3539		1.6577	I
Banking and Balancing Service		0.0205		0.0205	
MAINLINE DELIVERY SERVICE					
Administrative Charge	55.90			55.90	
Delivery Rate Per Mcf	0.0858			0.0858	
Banking and Balancing Service		0.0205		0.0205	

1/ The Gas Cost Adjustment, as shown, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets 48 through 51 of this Tariff.

R – Reduction I- Increase

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle
May 31, 2006

ISSUED BY: Joseph W. Kelly President

COLUMBIA GAS OF KENTUCKY, INC.

CURRENTLY EFFECTIVE BILLING RATES

RATE SCHEDULE SVGTS	**Delivery Charge per Mcf**	
General Service Residential		
First 1 Mcf or less per billing period	$ 6.95 (Minimum Bill)	
Over 1 Mcf per billing period	1.8715	
General Service Other		
First 1 Mcf or less per billing period	$18.88 (Minimum Bill)	
Next 49 Mcf per billing period	1.8715	
Next 350 Mcf per billing period	1.8153	
Next 600 Mcf per billing period	1.7296	
Over 1000 Mcf per billing period	1.5802	
Intrastate Utility Service		
For all volumes per billing period	$ 0.038	
Actual Gas Cost Adjustment		
For all volumes per billing period	$ (0.8355)	I
Rate Schedule SVAS		
Balancing Charge – per Mcf	$ 1.2449	I

(I) Increase

DATE OF ISSUE: May 1, 2006

DATE EFFECTIVE: June 2006 Billing Cycle (May 31, 2006)

ISSUED BY: Joseph W. Kelly

President

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 130

Describe how the Company identifies the demand requirement of each residential and each commercial customer for purposes of assessing the GCA.

Response of Columbia Gas of Kentucky:

The GCA is not assessed based on the individual demand of each customer. The demand and commodity components of the GCA are segmented to distinguish the pipeline capacity costs, which are represented by the demand charge, and the natural gas supply costs, which are represented by the commodity charge.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 131

Please describe the rationale for the rate blocks in the respective rate schedules. Provide any workpapers, calculations, or other documentation that support the selection of these rate blocks and the rates applicable to them.

Response of Columbia Gas of Kentucky:

Proposed rate blocks by rate schedule are the same as those approved in both of CKY's previous 2 rate cases (case no. 2002-00145 and 94-179) with 2 exceptions: 1) the first block was eliminated from both residential and general service customers and 2) standby service and interruptible sales service to delivery service customers has been classified as a delivery service instead of a sales service.

The rational for the elimination of the first block for both residential and general service were discussed in the direct testimony of CKY witness Ron Gibbons, on pages 8 and 9. In summary, the rational was based on 1) reduced customer confusion and number of calls to CKY's call center, 2) send more accurate price signal to customers, enhance CKY's ability to recover fixed costs in alignment with recovery mechanisms, and 3) align CKY's rate design consistent with other utilities in Kentucky. The residential volumetric rate applied to all gas consumed is simply the residential revenue requirement left after taking into revenue recovery from CKY's CGA rate, EAP rate, and customer charge divided by residential throughput volumes. The general service volumetric rate for the first 50 Mcf is equal to the residential volumetric rate. All other general service volumetric rates were determine by the general service revenue requirement left after taking into revenue recovery from CKY's CGA rate, administrative charge, and customer charge divided by general service throughput volume excluding throughput for the 1st 50 Mcf and then spread proportionately among the last 3 rate blocks based on the proportion of the last 3 current rate blocks. Please see Attachment RDG-5 of CKY's filing requirements for all rate design calculations.

The rational to reclassify standby and interruptible sales service to delivery service customers instead of a separate sales service as is currently the case are simple ones; 1) so that delivery service customers receive both delivery service and sales service charges on the same invoice. Customers have asked for it and it will reduce process time for CKY and 2) so that sales service volumes invoiced to delivery service customers will be billed as a continuation through the rate blocks under delivery service rate schedules where currently the sales service to delivery service customers rates are designed so that volumes start with the 1st block rate on a separate invoice and a separate rate schedule.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

The volume shift among the rate blocks by shifting sales service volumes invoiced on a sales service invoice to sales service volumes as a continuation of delivery service volumes on a delivery service invoice was calculated as follows:

1. Volumes by rate block by month by customer were determined for delivery service customers taking sales service under rate schedules GST, IS, and SS.
2. Volumes by rate block by month by customer were determined for delivery service customers taking delivery service under rate schedules DS-GS, DS-IS, and DS-SS.
3. Volumes delivered to delivery service customers under rate schedules GST and DS-GS were summed together by month.
4. Volumes delivered to delivery service customers under rate schedules IS and DS-IS were summed together by month.
5. Volumes delivered to delivery service customers under rate schedules SS and DS-SS were summed together by month.
6. Volumes by rate block by month by customer were determined for delivery service customers based off the combined monthly throughput volumes in steps 3 – 5 above.
7. The combined monthly throughput by rate block by month determined in step 6 above (combined throughput by rate block) less the volumes by rate block by customer by month from both steps 1 and 2 above (sales + delivery service under current rates by rate block) results in the difference or "shift" among the rate blocks by changing from sales and delivery service being billed on 2 separate invoices (where sales volumes go through the rate blocks on the sales invoice and delivery service volumes go through the rate blocks on the delivery service invoice) to a proposed one delivery service invoice where throughput volumes go through the rate blocks only once to determine the delivery service volumetric charges.
8. The Step 7 analysis above on a customer basis was aggregated and the resulting change or "shift" of volumes by rate block by month of the affected rate schedules is shown on page 1 of the Attachment to this response.
9. Continuing on Page 1 of the Attachment to this response and finishing on page 2 is the summarized effect to the rate blocks to the test year. Column 1 (tariff Adjustment out of sales) shows the rate blocking of the GST, IS, and SS rate schedules as shown on Schedule M-2.2, column D. These volumes have been eliminated from these rate schedules for Schedule M-2.3. Column 2 (shift of block Mcf switch to trans serv.) is the 12 month total of step 8 above. Column 3 (sales adjustment into trans) is the volumes by rate schedule by rate block that have been added to (shifted to) delivery service rate schedules from the GST, IS, and SS sales rate schedules. Volumes by rate block in Schedule M-2.3 for these delivery service rate schedules are the sum of the volumes by rate block in Schedule M-2.2 for these rate schedules adjusted by volumes by rate block in column 3. Resulting Schedule M-2.3 reflects the billing determinants for delivery service customers under proposed tariff sheet no. 6 where sales service to

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

transportation customers are billed on one invoice and blocked delivery rate are applied to blocked throughput volumes.

:olumbia Gas of Kentucky, Inc.
Jsage per Rate Block C[illegible] Due to Continuous Blocking of Transportation Customers
Jsing Normalized Volum
'or the 12 Months Ending 9/30/06

Rate Block	Rate		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
'irst 1 Mcf	GST/DS GS	Volumes	(2.0)	(2.0)	(1.0)	0.0	(1.0)	0.0	0.0	0.0	(1.0)	(1.0)	(1.0)	(2.0)	(11.0)
Jext 49 Mcf	GST/DS GS	Volumes	(98.0)	(93.7)	(49.0)	0.0	(49.0)	0.0	0.0	0.0	(49.0)	(49.0)	(49.0)	(98.0)	(534.7)
Jext 350 Mcf	GST/DS GS	Volumes	(509.5)	(350.0)	(350.0)	0.0	(160.9)	0.0	0.0	0.0	(85.9)	(259.0)	(67.8)	(422.1)	(2,205.2)
Jext 600 Mcf	GST/DS GS	Volumes	0.0	(374.4)	(129.8)	0.0	0.0	0.0	0.0	0.0	135.9	0.0	0.0	(144.1)	(512.4)
Over 1,000 Mcf	GST/DS GS	Volumes	609.5	820.1	529.8	0.0	210.9	0.0	0.0	0.0	0.0	309.0	117.8	666.2	3,263.3
'otal Commercial			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
'irst 1 Mcf	GST/DS GS	Volumes	(1.0)	(2.0)	0.0	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	(6.0)
Jext 49 Mcf	GST/DS GS	Volumes	(49.0)	(98.0)	0.0	(98.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(49.0)	(294.0)
Jext 350 Mcf	GST/DS GS	Volumes	(71.0)	(551.0)	0.0	(300.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(350.0)	(1,272.0)
Jext 600 Mcf	GST/DS GS	Volumes	0.0	(13.0)	0.0	(249.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(27.0)	(289.0)
Over 1,000 Mcf	GST/DS GS	Volumes	121.0	664.0	0.0	649.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	427.0	1,861.0
Total Industrial			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
'irst 30,000 Mcf	IS/DS IS	Volumes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Over 30,000 Mcf	IS/DS IS	Volumes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Commercial			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
'irst 30,000 Mcf	IS/DS IS	Volumes	0.0	0.0	0.0	(498.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3,021.0)	(3,519.0)
Over 30,000 Mcf	IS/DS IS	Volumes	0.0	0.0	0.0	498.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,021.0	3,519.0
Total Industrial			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
'irst 30,000 Mcf	SS/DS SS	Volumes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0
Over 30,000 Mcf	SS/DS SS	Volumes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Commercial			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0
'irst 30,000 Mcf	SS/DS SS	Volumes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Over 30,000 Mcf	SS/DS SS	Volumes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Industrial			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Adjustment to Rate Blocks in Schedule M-2.3

			Tariff Adjustment Out of Sales	Shift of Block Mcf Switch to Trans Serv.	Sales Adjustment Into Trans
First 1 Mcf	**GST/DS GS**	**Commercial**	11.0	(11.0)	0.0
Next 49 Mcf	**GST/DS GS**	**Commercial**	534.7	(534.7)	0.0
Next 350 Mcf	**GST/DS GS**	**Commercial**	2,205.2	(2,205.2)	0.0
Next 600 Mcf	**GST/DS GS**	**Commercial**	648.3	(512.4)	135.9
Over 1,000 Mcf	**GST/DS GS**	**Commercial**	0.0	3,263.3	3,263.3
Total	**GST/DS GS**	**Commercial**	3,399.2	0.0	3,399.2
First 1 Mcf	**GST/DS GS**	**Industrial**	6.0	(6.0)	0.0
Next 49 Mcf	**GST/DS GS**	**Industrial**	294.0	(294.0)	0.0
Next 350 Mcf	**GST/DS GS**	**Industrial**	1,345.0	(1,272.0)	73.0
Next 600 Mcf	**GST/DS GS**	**Industrial**	289.0	(289.0)	0.0
Over 1,000 Mcf	**GST/DS GS**	**Industrial**	0.0	1,861.0	1,861.0
Total	**GST/DS GS**	**Industrial**	1,934.0	0.0	1,934.0

Usage per Rate Block Change Due to Continuous Blocking of Transportation Customers
Using Normalized Volum
For the 12 Months Endi 0/06

			Tariff Adjustment Out of Sales		Shift of Block Mcf Switch to Trans Serv.	Sales Adjustment Into Trans
Adjustment to Rate Blocks in Schedule M-2.3						
First 30,000 Mcf	IS/DS IS	Commercial	2,812.9		0.0	2,812.9
Over 30,000 Mcf	IS/DS IS	Commercial	0.0		0.0	0.0
Total	IS/DS IS	Commercial	2,812.9		0.0	2,812.9
First 30,000 Mcf	IS/DS IS	Industrial	21,600.0		(3,519.0)	18,081.0
Over 30,000 Mcf	IS/DS IS	Industrial	0.0		3,519.0	3,519.0
Total	IS/DS IS	Industrial	21,600.0		0.0	21,600.0
First 30,000 Mcf	SS/DS SS	Commercial	7,049.6		0.0	7,049.6
Over 30,000 Mcf	SS/DS SS	Commercial	0.0		0.0	0.0
Total	SS/DS SS	Commercial	7,049.6		0.0	7,049.6
First 30,000 Mcf	SS/DS SS	Industrial	22,331.0		0.0	22,331.0
Over 30,000 Mcf	SS/DS SS	Industrial	0.0		0.0	0.0
Total	SS/DS SS	Industrial	22,331.0		0.0	22,331.0
All Gas Consumed	IS/FX1	Commercial	0.0		0.0	0.0
All Gas Consumed	IS/DS3	Industrial	7,894.0		0.0	7,894.0
First 30,000 Mcf	IS/DS-SMITH	Industrial	475.0		0.0	475.0
Over 30,000 Mcf	IS/DS-SMITH	Industrial	0.0	0.0	0.0	0.0
Total	IS/DS-SMITH	Industrial	475.0		0.0	475.0
All Gas Consumed	IS/FX2	Industrial	623.0		0.0	623.0
All Gas Consumed	IS/FX4	Industrial	0.0		0.0	0.0
All Gas Consumed	IS/FX5	Industrial	0.0		0.0	0.0
All Gas Consumed	IS/FX6	Industrial	0.0		0.0	0.0
First 30,000 Mcf	IS/FX7	Industrial	0.0		0.0	0.0
Over 30,000 Mcf	IS/FX7	Industrial	0.0	0.0	0.0	0.0
Total	IS/FX7	Industrial	0.0		0.0	0.0
All Gas Consumed	IS/SC2	Industrial	0.0		0.0	0.0
All Gas Consumed	IS/SC3	Industrial	0.0		0.0	0.0
First 30,000 Mcf	SS/SAS	Commercial	0.0		0.0	0.0
Over 30,000 Mcf	SS/SAS	Commercial	0.0	0.0	0.0	0.0
Total	SS/SAS	Commercial	0.0		0.0	0.0
Total	SS/SAS	Commercial	0.0		0.0	0.0

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 132

Please describe the rationale for the separation of the demand and commodity portions of the GCA. Provide all workpapers, calculations and other documentation that supports the respective demand and commodity rates.

Response of Columbia Gas of Kentucky:

Please refer to response to AG 1-129 and AG 1-130. The provision for the demand and commodity split in Columbia's GCA was authorized by the Commission in Case No. 1994-00179 by Order dated November 1, 1994.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 133

Please list the curtailments of gas service to interruptible customers during the peak seasons of 2004, 2005, 2006 and 2007 to date. For each curtailment, identify:

a. The duration of the curtailment,
b. The mcf curtailed,
c. The proportion of interruptible customers curtailed,
d. The extent of any failures by interruptible customers to curtail.

Response of Columbia Gas of Kentucky:

There were no curtailments to interruptible customers during the requested periods.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 134

Please list the curtailments of gas service to delivery service customers during the peak seasons of 2004, 2005, 2006 and 2007 to date. For each curtailment, identify:

a. The duration of the curtailment,
b. The mcf curtailed,
c. The circumstances causing the curtailment,
d. The extent of any failures by delivery service customers to curtail,
e. The penalties imposed for failure to provide transported gas.

Response of Columbia Gas of Kentucky:

There were no curtailments to delivery service customers during the requested periods.

Attorney General Data Request Set 1
Question No. **135**
Columbia Gas of Kentucky Respondent: **Judy Cooper**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 135:

Please provide the record of "unauthorized takes" that occurred during the last full heating season and the current season to date. Identify the penalties assessed and the penalties waived.

Response of Columbia Gas of Kentucky:

There were no unauthorized takes during the 2005-2006 heating season or the 2006-2007 heating season. No penalties were assessed or waived.

Attorney General Data Request Set 1
Question No. **136**
Columbia Gas of Kentucky Respondent: **Judy Cooper**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 136:

Please refer to Sheet 6 of the tariff. Why are there no base rate charges shown for SS service?

Response of Columbia Gas of Kentucky:

The Standby Service Demand Charge of $6.5482, effective with Columbia's December 2006 Billing Cycle, is shown on Sheet 6. Columbia's tariff page Original Sheet No. 17 itemizes this charge under the heading of <u>Base Rates</u> and the amount is calculated in each Gas Cost Adjustment filing to reflect Columbia's current demand costs.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 137:

Please refer to Sheets 6 and 36 of the tariff, and rate schedule DS.

a. What is the difference, if any, in how the Administrative Charge is assessed relative to how the Customer Charge is assessed?

b. Please provide all workpapers, calculations or other documentation that support the $55.90 Administrative Charge.

c. What is the rationale for the very steep reduction in this commodity charge per Mcf after the first 30,000 Mcf?

Response of Columbia Gas of Kentucky:

a. Both the Administrative Charge and the Customer Charge are fixed monthly charges assessed to the customer regardless of gas consumed. The Administrative Charge is only assessed to customers on Delivery Service excluding SVGTS service.

b. The $55.90 Administrative Charge is a result of applying an "across the board" rate decrease in CKY's latest rate case (case no. 2002-00145) to the $65.00 Administrative Charge established in CKY's 1994 rate case (case no. 94-179). The basis of the $65.00 Administrative Charge established in the 1994 rate case was Exhibit 40D (Attachment 1). Pages 25 through 27 of J. Balog, Jr.'s testimony describing the development of the Administrative Charge (Exhibit 40D) are also attached (Attachment 2).

c. Commodity charges for the first 30,000 Mcf and over 30,000 Mcf were agreed to in the settlement of case no. 94-179, filed September 23, 1994 and ordered November 1, 1994.

Columbia Gas of Kentucky Inc.
Summary of Costs
To Be Recovered By the Administrative Charge
For the 12 Months Ended 12/31/95

FERC Account	Amount
903	$24,423
907	18,276
908	13,050
926	13,678
408	3,977
Gas Accounting System (GAS)	21,440
Total	$94,844
Total Transportation Bills (116 Customers x 12 Months)	1,392
Administrative Charge	$68.14

Columbia Gas of Kentucky, Inc.
Calculation of Labor and M&E
To be Recovered by the Administrative Charge
For the Twelve Months Ended 12/31/95

Year	Account	Cost Element	Description	Amount	Percent	Comments
12/95	903	1010	Net Labor	2,042,208	0.6264223	Total Company
12/95	903	20xx	M & S	539,391	0.1654516	Total Company
12/95	903	30xx	Outside Serv	226,234	0.0693945	Total Company
12/95	903	40xx	Rent/Lease	15	0.0000046	Total Company
12/95	903	50xx	Emp exp	14,951	0.0045860	Total Company
12/95	903	80xx	Sys Serv	0	0.0000000	Total Company
12/95	903	89xx	Other	100	0.0000307	Total Company
12/95	903	95xx	Clearing acct	437,215	0.1341103	Total Company
		Total		3,260,114	1.0000000	
2/94	903	1010	Net Labor	1,869,567		Total Company
2/94	903	20xx	M & S	493,793		Total Company
2/94	903	30xx	Outside Serv	207,109		Total Company
2/94	903	40xx	Rent/Lease	14		Total Company
2/94	903	50xx	Emp exp	13,687		Total Company
2/94	903	80xx	Sys Serv	0		Total Company
2/94	903	89xx	Other	92		Total Company
2/94	903	95xx	Clearing acct	400,253		Total Company
		Total		2,984,515		
2/94	903	1010	Activity 7173	4,571		Actual for Adm Chg
2/94	903	1010	Activity 7175	17,518		Actual for Adm Chg
		Total		22,089		
2/94	903	1010	Net Labor	1,869,567		Total Company
2/94	903	1010	Net Labor	0.0118150		Percent for Adm Chg
12/95	903	1010	Net Labor	2,042,208		Total Company
12/95	903	1010	Net Labor	24,129		Forcasted for Adm Chg
2/94	903	2020	Activity 7173	45		Actual for Adm Chg
2/94	903	2034	Activity 7173	1		Actual for Adm Chg
2/94	903	2070	Activity 7175	10		Actual for Adm Chg
2/94	903	2020	Activity 7175	191		Actual for Adm Chg
2/94	903	2034	Activity 7175	2		Actual for Adm Chg
2/94	903	2070	Activity 7175	1		Actual for Adm Chg
		Total		250		
2/94	903	20xx	M & S	493,793		Total Company
2/94	903	20xx	M & S	0.0005063		Percent for Adm Chg
12/95	903	20xx	M & S	539,391		Total Company
12/95	903	20xx	M & S	273		Forcasted for Adm Chg

Columbia Gas of Kentucky, Inc.
Calculation of Labor and M&E
To be Recovered by the Administrative Charge
For the Twelve Months Ended 12/31/95

Year	Account	Cost Element	Description	Amount	Percent	Comments
2/94	903	3A20	Activity 7175	1		Actual for Adm Chg
2/94	903	30xx	Outside Serv	207,109		Total Company
2/94	903	30xx	Outside Serv	0.0000048		Percent for Adm Chg
12/95	903	30xx	Outside Serv	226,234		Total Company
12/95	903	30xx	Outside Serv	1		Forcasted for Adm Chg
2/94	903	5020	Activity 7173	1		Actual for Adm Chg
2/94	903	5025	Activity 7173	1		Actual for Adm Chg
2/94	903	5026	Activity 7173	11		Actual for Adm Chg
2/94	903	5061	Activity 7173	2		Actual for Adm Chg
2/94	903	5020	Activity 7175	2		Actual for Adm Chg
2/94	903	5025	Activity 7175	1		Actual for Adm Chg
		Total		18		
2/94	903	50xx	Outside Serv	13,687		Total Company
2/94	903	50xx	Outside Serv	0.0013151		Percent for Adm Chg
12/95	903	50xx	Outside Serv	14,951		Total Company
12/95	903	50xx	Outside Serv	20		Forcasted for Adm Chg

Columbia Gas of Kentucky, Inc.
Calculation of Labor and M&E
To be Recovered by the Administrative Charge
For the Twelve Months Ended 12/31/95

Year	Account	Cost Element	Description	Amount	Percent	Comments
12/95	907	1010	Net Labor	399,555	0.6989577	Total Company
12/95	907	20xx	M & S	26,677	0.0466672	Total Company
12/95	907	30xx	Outside Serv	30,508	0.0533689	Total Company
12/95	907	40xx	Rent/Lease	27	0.0000472	Total Company
12/95	907	50xx	Emp exp	74,304	0.1299830	Total Company
12/95	907	80xx	Sys Serv	0	0.0000000	Total Company
12/95	907	89xx	Other	23,010	0.0402523	Total Company
12/95	907	95xx	Clearing acct	17,563	0.0307237	Total Company
		Total		571,644	1.0000000	
2/94	907	1010	Net Labor	333,051		Total Company
2/94	907	20xx	M & S	22,237		Total Company
2/94	907	30xx	Outside Serv	25,430		Total Company
2/94	907	40xx	Rent/Lease	22		Total Company
2/94	907	50xx	Emp exp	61,936		Total Company
2/94	907	80xx	Sys Serv	0		Total Company
2/94	907	89xx	Other	19,180		Total Company
2/94	907	95xx	Clearing acct	14,640		Total Company
		Total		476,496		
2/94	907	1010	Activity 5400	9,485		Actual for Adm Chg
2/94	907	1010	Activity 7810	2,487		Actual for Adm Chg
		Total		11,972		
2/94	907	1010	Net Labor	333,051		Total Company
2/94	907	1010	Net Labor	0.0359464		Percent for Adm Chg
12/95	907	1010	Net Labor	399,555		Total Company
12/95	907	1010	Net Labor	14,363		Forcasted for Adm Chg
2/94	907	2020	Activity 5400	1		Actual for Adm Chg
2/94	907	2031	Activity 5400	1		Actual for Adm Chg
2/94	907	2070	Activity 5400	11		Actual for Adm Chg
2/94	907	2020	Activity 7810	66		Actual for Adm Chg
2/94	907	2034	Activity 7810	1		Actual for Adm Chg
2/94	907	2070	Activity 7810	24		Actual for Adm Chg
		Total		104		
2/94	907	20xx	M & S	22,237		Total Company
2/94	907	20xx	M & S	0.0046769		Percent for Adm Chg
12/95	907	20xx	M & S	26,677		Total Company
12/95	907	20xx	M & S	125		Forcasted for Adm Chg

Exhibit 40D
Page 5
Witness: J. Balog, Jr.

Columbia Gas of Kentucky, Inc.
Calculation of Labor and M&E
To be Recovered by the Administrative Charge
For the Twelve Months Ended 12/31/95

Year	Account	Cost Element	Description	Amount	Percent	Comments
2/94	907	3E30	Activity 5400	1,702		Actual for Adm Chg
2/94	907	3F01	Activity 5400	41		Actual for Adm Chg
2/94	907	3A20	Activity 7810	1		Actual for Adm Chg
		Total		1,744		
2/94	907	30xx	Outside Serv	25,430		Total Company
2/94	907	30xx	Outside Serv	0.0685804		Percent for Adm Chg
12/95	907	30xx	Outside Serv	30,508		Total Company
12/95	907	30xx	Outside Serv	2,092		Forcasted for Adm Chg
2/94	907	5010	Activity 5400	345		Actual for Adm Chg
2/94	907	5011	Activity 5400	165		Actual for Adm Chg
2/94	907	5020	Activity 5400	281		Actual for Adm Chg
2/94	907	5021	Activity 5400	5		Actual for Adm Chg
2/94	907	5023	Activity 5400	7		Actual for Adm Chg
2/94	907	5030	Activity 5400	36		Actual for Adm Chg
2/94	907	5050	Activity 5400	66		Actual for Adm Chg
2/94	907	5051	Activity 5400	4		Actual for Adm Chg
2/94	907	5071	Activity 5400	45		Actual for Adm Chg
2/94	907	5015	Activity 5400	123		Actual for Adm Chg
2/94	907	5025	Activity 5400	40		Actual for Adm Chg
2/94	907	5011	Activity 7810	9		Actual for Adm Chg
2/94	907	5011	Activity 7810	1		Actual for Adm Chg
2/94	907	5020	Activity 7810	20		Actual for Adm Chg
2/94	907	5023	Activity 7810	10		Actual for Adm Chg
2/94	907	5030	Activity 7810	11		Actual for Adm Chg
2/94	907	5015	Activity 7810	220		Actual for Adm Chg
2/94	907	5025	Activity 7810	26		Actual for Adm Chg
		Total		1,414		
2/94	907	50xx	Outside Serv	61,936		Total Company
2/94	907	50xx	Outside Serv	0.0228300		Percent for Adm Chg
12/95	907	50xx	Outside Serv	74,304		Total Company
12/95	907	50xx	Outside Serv	1,696		Forcasted for Adm Chg

Columbia Gas of Kentucky, Inc.
Calculation of Labor and M&E
To be Recovered by the Administrative Charge
For the Twelve Months Ended 12/31/95

Year	Account	Cost Element	Description	Amount	Percent	Comments
12/95	908	1010	Net Labor	597,151	0.7057688	Total Company
12/95	908	20xx	M & S	34,740	0.0410590	Total Company
12/95	908	30xx	Outside Serv	45,403	0.0536615	Total Company
12/95	908	40xx	Rent/Lease	7,630	0.0090178	Total Company
12/95	908	50xx	Emp exp	100,514	0.1187968	Total Company
12/95	908	80xx	Sys Serv	8,167	0.0096525	Total Company
12/95	908	89xx	Other	9,215	0.0108911	Total Company
12/95	908	95xx	Clearing acct	43,280	0.0511525	Total Company
		Total		846,100	1.0000000	
2/94	908	1010	Net Labor	474,640		Total Company
2/94	908	20xx	M & S	27,613		Total Company
2/94	908	30xx	Outside Serv	36,088		Total Company
2/94	908	40xx	Rent/Lease	6,065		Total Company
2/94	908	50xx	Emp exp	79,893		Total Company
2/94	908	80xx	Sys Serv	6,491		Total Company
2/94	908	89xx	Other	7,324		Total Company
2/94	908	95xx	Clearing acct	34,401		Total Company
		Total		672,515		
2/94	908	1010	Activity 7810	9,999		Actual for Adm Chg
		Total		9,999		
2/94	908	1010	Net Labor	474,640		Total Company
2/94	908	1010	Net Labor	0.0210665		Percent for Adm Chg
12/95	908	1010	Net Labor	597,151		Total Company
12/95	908	1010	Net Labor	12,580		Forcasted for Adm Chg
2/94	908	3A20	Activity 7810	30		Actual for Adm Chg
2/94	908	3F11	Activity 7810	13		Actual for Adm Chg
		Total		43		
2/94	908	30xx	Outside Serv	36,088		Total Company
2/94	908	30xx	Outside Serv	0.0011915		Percent for Adm Chg
12/95	908	30xx	Outside Serv	45,403		Total Company
12/95	908	30xx	Outside Serv	54		Forcasted for Adm Chg

Exhibit 40D
Page 7
Witness: J. Balog, Jr.

Columbia Gas of Kentucky, Inc.
Calculation of Labor and M&E
To be Recovered by the Administrative Charge
For the Twelve Months Ended 12/31/95

Year	Account	Cost Element	Description	Amount	Percent	Comments
2/94	908	5010	Activity 7810	302		Actual for Adm Chg
2/94	908	5020	Activity 7810	9		Actual for Adm Chg
2/94	908	5015	Activity 7810	20		Actual for Adm Chg
		Total		331		
2/94	908	50xx	Outside Serv	79,893		Total Company
2/94	908	50xx	Outside Serv	0.0041430		Percent for Adm Chg
12/95	908	50xx	Outside Serv	100,514		Total Company
12/95	908	50xx	Outside Serv	416		Forcasted for Adm Chg

Columbia Gas of Kentucky Inc.
Benefits and Payroll Taxes
To Be Recovered By the Administrative Charge
For the 12 Months Ended 12/31/95

Account No. C. E.	TME: 12/31/95 $
TCC 6230–6240	
903–7173–7175 1010	24,129
TCC 2610–7380–7310	
907–5400–7810 1010	14,363
908–7810 1010	12,580
Total Labor Expense	51,072

	Overheads	Dollars $
Employee Benefits Account 926		
Group Insurance Plans	18.568%	9,483
Thrift Plan	2.211%	1,129
Retirement Income Plan	6.003%	3,066
Total Benefits Account 926		13,678
Payroll Taxes Account 408		
FICA	7.565%	3,864
FUTA	0.143%	73
SUTA	0.082%	42
Total Payroll Taxes Account 408		3,979

Columbia Gas of Kentucky, Inc.
Gas Accounting System
Capital Budget

GAS ACCOUNTING SYSTEM	Amount $
Total Costs Included in Account 303.30 as of March 31, 1994	81,567
Additional Costs Budgeted to be Included in Account 303.30 as of December 31, 1994	132,837
Additional Costs Budgeted to be Included in Account 303.30 as of December 31, 1995	0
Total Budget for Gas Accounting System	214,404
Amortization Period	10 Years
Total Expenses Per Year – Gas Accounting System	21,440

Columbia Gas of Kentucky, Inc.
Operation & Maintenance Expenses
For Administrative Charge
TME: 2/28/94

FERC Account	Amount $
903	22,358
907	15,950
908	10,373
926	11,800
408	3,432

Columbia Gas of Kentucky, Inc.
Labor Expenses, Benefits, Payroll Taxes

Exhibit 40D
Page 11
Witness: J. Balog, Jr.

Account No. C. E.	TME: 12/31/93 $	YTD 2/28/93 $	YTD 2/28/94 $	TME: 2/28/94 $
TCC 6230				
903-7173 1010	4,317	569	823	4,571
TCC 6240				
903-7175 1010	16,712	2,828	3,634	17,518
TCC 2610				
907-5400 1010	8,738	1,048	1,795	9,485
TCC 7380 - 7310				
907-7810 1010	2,476	461	472	2,487
908-7810 1010	9,834	1,609	1,774	9,999
Total Labor Expense	42,077	6,515	8,498	44,060

	Overheads	Dollars $
Employee Benefits Account 926		
Group Insurance Plans	18.568%	8,181
Thrift Plan	2.211%	974
Retirement Income Plan	6.003%	2,645
Total Benefits Account 926		11,800
Payroll Taxes Account 408		
FICA	7.565%	3,333
FUTA	0.143%	63
SUTA	0.082%	36
Total Payroll Taxes Account 408		3,432

Columbia Gas of Kentucky, Inc.
Other Operation & Maintenance Expenses

Account No. C. E.	TME: 12/31/93 $	YTD 2/28/93 $	YTD 2/28/94 $	TME: 2/28/94 $
TCC 6230				
GEN 903 - ACTIV 7173				
2020	2	0	43	45
3A20	1	0	0	1
5020	1	0	0	1
5023	0	0	0	0
5061	3	1	0	2
2034	0	0	1	1
5025	0	0	1	1
5026	0	0	11	11
Total TCC 6230	7	1	56	62
TCC 6240				
GEN 903 - ACTIV 7175				
2070	10	0	0	10
5020	2	0	0	2
5023	0	0	0	0
2020	0	0	191	191
2034	0	0	2	2
2070	0	0	1	1
5025	0	0	1	1
Total TCC 6240	12	0	195	207
Total GEN 903	19	1	251	269
GEN 907 - ACTIV 5400				
TCC 2610				
2020	32	0	0	32
2031	3	0	0	3
2070	246	10	14	250
3E30	1567	182	317	1702
3F01	41	0	0	41
5010	345	0	0	345
5011	165	0	0	165
5020	281	0	0	281
5021	5	0	0	5
5023	7	0	0	7
5030	49	13	0	36
5050	66	0	0	66
5051	10	6	0	4
5071	45	0	0	45
9541	356	37	98	417
5015	0	0	123	123
5025	0	0	40	40
Total GEN 907 - ACTIV 5400	3218	248	592	3562
TCC 7380 - 7310				
GEN 907 - ACTIV 7810				
2020	66	0	5	71
2034	1	0	0	1
2070	24	5	27	46
5010	30	21	0	9
5011	1	0	0	1
5020	21	1	0	20

Columbia Gas of Kentucky, Inc.
Other Operation & Maintenance Expenses

Account No. C. E.	TME: 12/31/93 $	YTD 2/28/93 $	YTD 2/28/94 $	TME: 2/28/94 $
GEN 907 - ACTIV 7810 (Con't)				
5023	10	0	0	10
5030	11	0	0	11
3A20	0	0	1	1
5015	0	0	220	220
5025	0	0	26	26
Total GEN 907 - ACTIV 7810	164	27	279	416
Total 907	3382	275	871	3978
GEN 908 - ACTIV 7810				
3A20	30	0	0	30
3F11	13	0	0	13
5010	302	0	0	302
5020	9	0	0	9
5015	0	0	20	20
Total 908	354	0	20	374
Total Other O & M Expenses	3755	276	1142	4621

Q. How would you characterize the changes made to the allocation methodology since the last rate case?

A. The changes are enhancements to the allocation process made possible by the increased availability of data for individual customers. This identification allows for costs to be more directly assigned to the various classes of customers, thus eliminating the need for certain costs to be allocated. In this regard, I have prepared attachment JB-5 which provides a brief explanation of any allocation factor that was changed from the last rate filing.

Q. Would you generally describe your overall approach to determining the costs to be included in the Administrative Charge?

A. The Administrative Charge Study (Exhibit 40D) identifies costs incurred by Columbia that are directly associated with those customers that transport, rather than purchase, natural gas.

Q. Generally describe how you developed the Administrative Charge included in this case.

A. It was first determined from Columbia's Chart of Accounts which work locations were to be used in the development of the Administrative Charge. These locations are 6230 Gas Transportation Accounting, 6240 Director/Gas Revenue Accounting, and 7380 Gas Transportation Service. It was then determined from Columbia's Code Pattern Master Listing which code patterns were used in these locations, the associated FERC account classification for each, and the allocation percentage assigned to each work location for Company No. 32 (Columbia Gas of Kentucky, Inc.). From Columbia's Chart of Accounts it was also determined which activity codes were used by the above locations to record expenses under each general ledger FERC account. These activity numbers were 7173 Gas Transportation Service, 7175 Director/Gas Revenue Accounting, 7810 Marketing and Market Development, and 5400 Marketing - Gas Transportation. Page 11 of Exhibit 40B shows a summary by Cost Element by FERC Account of the actual labor expense charged to the above activity codes for the 12 Months ended 2/28/94. Page 11 also shows the February, 1994 overheads that apply to labor. Exhibit 40D, pages 12 and 13, show a summary by Cost Element by FERC Account of the actual non-labor expense charged to the above activity codes for the 12 Months ended 2/28/94. Exhibit 40B, page 10, shows a summary of expenses charged for the 12 Months ended 2/28/94. Exhibit 40B pages 2 through 7 take the detail by Cost Element grouping by FERC account for the twelve months ended 12/31/95 and shows the percent of the Cost Element grouping to the total account. The percentages are then applied to the actual twelve months ended 2/28/94 for each FERC account to get an actual spread by Cost Element grouping. Actual amounts for activities that are to be recovered through the administrative charge from Exhibit 40D, pages 11 through 13, are then brought forward to determine the percent of total Cost Element grouping during the actual period that applied to the administrative charge.

This percent is applied to the forecasted 12/31/95 Cost Element grouping by FERC account to determine the 12/31/95 expense to be recovered through the administrative charge. Exhibit 40D, page 8, shows the application of the labor overhead costs. Exhibit 40D, page 9, shows the development of the costs of the Gas Accounting System (GAS), the new billing system for Gas Transportation and Large Volume Billing. This system will be on-line before January, 1995, and will be amortized over the next 10 years. Page 2 shows the summary of pages 2 through 9 for the forecasted test year and the resulting Administrative Charge. The total expenses of $94,844 are divided by the number of annual bills (116 customers X 12 = 1,392) to arrive at an average charge of $68.14 per customer for administering transportation service.

Q. Does this complete your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 138:

Please refer to sheets 12 and 51b of the tariff. Is the Energy Assistance Program Surcharge a charge or a credit? If a credit, why is it called a surcharge? What are the eligibility criteria? Why aren't those criteria contained in the tariff?

Response of Columbia Gas of Kentucky:

The Energy Assistance Program Surcharge is a charge, as set forth on Sheet 51b, that is applied to residential customer bills based on their gas usage. The surcharge is reflected as a line item on the customer's bill and helps to fund the Energy Assistance Program (EAP). The EAP program provides a bill credit to enrolled customers during the five heating months of November through March and is also shown as a line item on the bill.

To be eligible for enrollment, a customer must be an active customer of Columbia, enrolled in the federal Low-Income Home Energy Assistance Program and therefore *have an annual income at or below 110% of the federal poverty guidelines. The* Community Action Council of Fayette, Bourbon, Nicholas and Harrison Counties is the Program Administrator and determines customer eligibility for Columbia.

The EAP was adopted and approved by the Commission as a result of a settlement in Case 2002-00145. Neither the settlement nor the Commission's order required the eligibility criteria to be incorporated into the tariff.

Attorney General Data Request Set 1
Question No. **139**
Columbia Gas of Kentucky Respondent: **Judy Cooper**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 139:

Refer to sheet 51a. What is rate schedule GPS?

Response of Columbia Gas of Kentucky:

Rate Schedule GPS, "General Propane Service," is set forth within Sheet 11 of Columbia's tariff. There were no customers served under this tariff neither during the test year nor currently.

Attorney General Data Request Set 1
Question No. **140**
Columbia Gas of Kentucky Respondent: **Judy Cooper**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 140:

Refer to sheet 13. Must an interruptible customer also commit to some firm service? If so, why?

Response of Columbia Gas of Kentucky:

Please see Sheet 13 under the heading Availability of Service, part (2) (a). A customer may choose zero as the desired level of firm service.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 141:

What is the basis for the interruptible rates on sheet 14 of the tariff? Provide all workpapers, calculations or other documentation that support these rates.

Response of Columbia Gas of Kentucky:

On page 3 of 28 in the Class Cost of Service studies, line 18 shows "unitized returns" for each rate class. The "unitized return" represents the relationship between the overall rate of return on rate base and each individual rate class' contribution to the rate of return on rate base. A "unitized return" of 1 indicates that rate class is contributing the correct amount to the overall return on rate base. A number greater than 1 means that rate class is over contributing and a number less than 1 indicates an under contribution. The "unitized returns" at current rates indicated that GS-Other and DS/IS/SS were over contributors and GS-Res and IUS were under contributors. The goal of the new rate design was to decrease the returns on the GS-Other and DS/IS/SS classes while increasing the returns for the GS-Res and IUS. Therefore, GS-Res class ended up with the largest rate increase. The fairest way to allocate a revenue deficiency (rate increase) across rate schedules is through a class cost of service study.

Attorney General Data Request Set 1
Question No. **142**
Columbia Gas of Kentucky Respondent: **Judy Cooper**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 142:

Refer to sheet 16 of the tariff. Please identify and describe any waivers of the reentry fee that the Company may have granted during the last three years. Describe fully the reason(s) for these waivers.

Response of Columbia Gas of Kentucky:

No waivers have been granted nor have any reentry situations arisen that required a determination on a waiver.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 143:

Refer to sheet 33 of the tariff. Under what rate schedule, if any, can a marketer deliver gas to his customers if his Aggregation Pool is less than 100 customers?

Response of Columbia Gas of Kentucky:

Sheet 33 pertains to marketers in Columbia's Customer Choice program. Under the heading Availability, a marketer can deliver gas to his customers if his Aggregation Pool consists of either a minimum or 100 customers **or** a customer or group of customers with a minimum annual throughput of 10,000 Mcf. This is the only rate schedule available to marketers for the Customer Choice program.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 144:

Without identifying the name of the marketers, please list all marketers, the number of customers that each serves, and the aggregate volume of gas delivered through each marketer.

Response of Columbia Gas of Kentucky:

During the test period, two marketers delivered gas to Columbia pursuant to Rate Schedule SVAS. At September 30, 2006 one marketer had 26,095 customers enrolled and the other had 3,678 customers enrolled. The aggregate volume delivered to customers through the two marketers was 3,561,192 Mcf or individually, 3,085,964 and 475,228 Mcf.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 145:

Refer to sheet 37f of the tariff.

a. Explain the rationale for paying the marketers 97.5% of the marketers' billings. Provide all workpapers, calculations or other documentation supporting this figure.

b. Under "Billing" Columbia charges $0.20 per account per month for billing. Then, under "Payment to Marketer" Columbia subtracts the cost of billing from the 97.5% of the marketers' billing that it pays to the marketer. Why isn't this a double-recovery of billing costs?

c. Does Columbia allow marketers to perform their own billing? If not, why not?

Response of Columbia Gas of Kentucky:

a. The rationale for paying the marketers 97.5% of the marketers' billings is that it both reimburses Columbia for performing all of the credit and collections activity for the marketer's accounts and it encourage Columbia to promote the Choice program. Adoption and operation of Choice programs requires gas utilities to incur additional administrative burdens and costs (e.g. increased customer service, information technology, energy supply responsibilities, etc.) which would not be otherwise incurred without appropriate incentives. There are no work papers or other calculations. The percentage was agreed to by the parties in each of Columbia's Choice applications, Case No. 1999-00165 and Case No. 2004-00462 and authorized by Commission Orders in the respective cases.

b. The $0.20 per account billing charge enables Columbia to recover some of the additional costs incurred by Columbia for billing for marketers. The amount was also agreed to by the parties in each of Columbia's Choice applications and authorized by the Commission Orders.

c. Marketers are not allowed to perform their own billing. The billing service was offered to marketers so they would not have to incur the high cost of establishing a billing system and remitting a bill to customers. It was also a foundation of making the program easy for customers and avoiding confusion. It also provided assurance to governmental entities that there would be no additional burden for tax collection.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 146:

Who assumes the risk for the uncollectibles from marketers' customers, Columbia or the marketer?

Response of Columbia Gas of Kentucky:

Columbia assumes all risk.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 147:

Refer to sheet 39 of the tariff. With regard to the flex provision, please identify:

a. The number of flex rate customers,

b. The discount in the DS rate awarded to each flex rate customer,

c. The difference between the flex rate revenue and the revenue that would otherwise be collected under the DS rate schedule during the last full year,

d. The alternate fuel cost estimates used to determine the flex rates.

Response of Columbia Gas of Kentucky:

a. 9 customers.

b.

DS-SMITH	First 30,000 $0.0901/Mcf Over 30,000 Mcf $0.0479/Mcf.
FX1	First 30,000 ($0.4217)/Mcf Over 30,000 Mcf ($0.1655)/Mcf.
FX2	First 30,000 ($0.4217)/Mcf Over 30,000 Mcf ($0.1655)/Mcf.
FX4	First 30,000 ($0.2217)/Mcf Over 30,000 Mcf $0.0345/Mcf.
FX5	First 30,000 ($0.4609)/Mcf Over 30,000 Mcf ($0.2047)/Mcf.
FX6	First 30,000 ($0.4217)/Mcf Over 30,000 Mcf ($0.1655)/Mcf.
FX7	First 25,000 ($0.0967)/Mcf Next 5,000 ($0.2967)/Mcf Over 30,000 Mcf (0.0405)/Mcf.
SC2	First 30,000 ($0.4167)/Mcf Over 30,000 Mcf ($0.1605)/Mcf.
SC3	First 30,000 ($0.4167)/Mcf Over 30,000 Mcf ($0.1605)/Mcf.

c.

DS-SMITH	($ 10,626.84)
FX1	$ 82,475.56
FX2	$ 4,757.33
FX4	$ 32,073.78
FX5	$1,314,714.12
FX6	$ 112,778.55
FX7	$ 56,674.60
SC2	$ 45,278.89
SC3	$ 612,020.98

d. A calculation is performed to determine the estimated capital and operating/maintenance costs a customer would incur to switch to an alternate fuel

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
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DATED APRIL 10, 2007

source assuming the project must meet an estimated internal rate of return for the customer over a defined period of time. The CKY flex rate is negotiated to be competitive with the alternate fuel source. It should be noted that in most cases the customer's alternate energy source is an interstate gas pipeline.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 148:

Please refer to sheet 38 of the tariff.

a. Identify the number and annual gas consumption of the GDS customers.

b. Provide the test year revenue from the GDS customers under the GDS rate and under the DS rate.

c. Provide the rationale for continuing to provide service to these customers on a discontinued rate schedule.

d. State whether Columbia is under any contractual obligation to continue to provide service to the GDS customers under the GDS rate schedule.

Response of Columbia Gas of Kentucky:

a. 27 customers, 368,090.0 Mcf.

b. $648,756.90 under rate GDS, $250,991.49 under rate DS.

c. This is not a discontinued rate schedule. The volume requirements for Delivery Service reverted back to 25,000 Mcf from 6,000 Mcf with the advent of the Choice program. The customers are called "grandfathered" only because their annual volumes fall between 6,000 and 25,000.

d. As long as the tariff remains in effect, Columbia is obligated to provide service pursuant to the terms of its tariff.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 149:

Aside from the $0.55 per month difference in the customer charge, is there any other distinction between the rates charged IUDS and DS customers?

Response of Columbia Gas of Kentucky:

The difference in the customer charge is $55.00 per month. The Delivery Charges are different as the DS rate schedule contains two rate blocks and the IUDS rate schedule is flat. The IUDS provision is distinct in that it is only available to intrastate utilities within the Commonwealth of Kentucky.

Attorney General Data Request Set 1
Question No. **150**
Columbia Gas of Kentucky Respondent: **Mark Balmert (a)**
Judy Cooper (b and c)

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 150:

Refer to sheet 41 of the tariff.

a. Please identify the number and annual consumption of MLDS customers.

b. Please describe fully all services that Columbia performs for MLDS customers.

c. Provide all workpapers, calculations or other documentation that support the proposed charges for MLDS service.

Response of Columbia Gas of Kentucky:

a. 2 customers, 200,189 Mcf.

b. The services performed for MLDS are the same as those for Rate Schedule DS customers. The difference is that a Rate Schedule MLDS customer is connected directly through a dual –purpose meter to facilities of an interstate pipeline supplier of Columbia. This distinction is set forth on Sheet 41, under the heading AVAILABILITY, item (3) of Columbia's tariff.

c. Work papers, calculations and/or documentation supporting the proposed charge for DS-MS service has been provided by witness Ronald Gibbons as two cost allocation studies: the demand / commodity study provided as filing requirement #39 and the customer / demand study provided as filing requirement #40. As a result of these studies Ronald Gibbons has proposed an increase in the monthly customer charge from $116.50 to $200.00.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 151:

Refer to sheets 43 and 44 of the tariff. With regard to rate schedule AFDS, please identify:

a. The number of AFDS customers,

b. The discount in the DS rate awarded to each AFDS rate customer,

c. The difference between the AFDS rate revenue and the revenue that would otherwise be collected under the DS rate schedule during the last full year,

d. The alternate fuel cost estimates used to determine the AFDS rates.

e. The distinction(s) between the rate schedule AFDS and the flex rate provisions of rate schedule DS.

f. An explanation for why any customers would accept an AFDS rate up to 150% of the otherwise applicable rate.

Response of Columbia Gas of Kentucky:

There were no AFDS customers during the test year nor are there as of the date of this response.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 152:

Refer to sheet 46 of the tariff. Please identify:

a. The number of SAS customers,

b. The discount in the rate awarded to each SAS rate customer relative to the applicable alternative rate schedule,

c. The difference between the SAS rate revenue and the revenue that would otherwise be collected under the alternative rate schedules during the last full year,

d. The alternate fuel cost estimates used to determine the SAS rates.

e. The distinctions among the rate schedules SAS, AFDS and the flex rate provisions of rate schedule DS.

Response of Columbia Gas of Kentucky:

a. 1 customer
b. $0.0000/Mcf
c. $0.00
d. SAS delivery rate is set equal to the DS delivery rate.
e. The distinctions among the rate schedules reflect the changed circumstances through the years in gas transportation. The AFDS tariff originated in 1983 to allow for variable pricing to allow natural gas an opportunity to compete with the use of No.2 fuel oil as an alternative fuel. The SAS tariff originated in 1986 to help Columbia retain customers who would have otherwise converted to alternate fuels. The nature of Columbia's service under the AFDS and SAS tariffs is "bundled" service, meaning gas supply and transportation. The flex provision of the DS rate schedule originated in 1986 to allow Columbia to flex its transportation rate to compete with alternate sources of energy available to a customer. Columbia's service under the DS tariff is "unbundled" service, meaning gas transportation. The customer is responsible for purchasing his own gas supply.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 153:

Refer to sheet 48 of the tariff and specifically the Gas Cost Incentive Adjustment (GCIA) and the Off System Sales and Capacity Release Adjustment (OSCRA).

a. Provide a complete description of these adjustments,

b. Identify the Commission orders that approved these adjustments,

c. Provide the two most recent calculations of these adjustments,

d. Provide the Commission orders, letters or other documents that approved the two most recent calculations of these adjustments.

Response of Columbia Gas of Kentucky:

a. and b.

By Order dated March 29, 2005 in Case No. 2004-00462, the Commission authorized a Gas Cost Incentive Mechanism for Columbia. The Gas Cost Incentive Mechanism is a summer (April – October) commodity program in which Columbia's gas purchases are compared against a benchmark. The savings achieved by Columbia are shared equally between Columbia's shareholders and sales customers. The GCIA factor collects Columbia's share of the savings. The customer's share is included in the Expected Gas Cost and Actual Adjustment factors. The same Commission Order also provided the most recent authorization of Columbia's Off-System Sales and Capacity Release program wherein Columbia and its customers share equally in the revenue from these activities. The Off-System Sales and Capacity Release Adjustment ("OSCRA") factor credits the customer's share to Columbia's sales and Choice customers and is calculated in the Actual Cost Adjustment.

c. The GCIA is included in Columbia's GCA filings for March 2007 and June 2006 on Schedule No. 6. The Off-System Sales and Capacity Release factor in included in Columbia's GCA filings for September 2006 and September 2005 on Schedule No. 2. Please see the attached and response to AG1-129 for the calculations.

d. Please see attached Orders in Case Nos. 2007-00050 (March 2007), 2006-00179 (June 2006), 2006-00366 (September 2006) and 2005-00318 (September 2005).

COLUMBIA GAS ENTUCKY, INC.

STATEMENT SHOWING COMPUTATION OF
ACTUAL GAS COST ADJUSTMENT (ACA)
BASED ON THE TWELVE MONTHS ENDED JUNE 30, 2005

LINE NO.	MONTH	Total Sales Volumes Per Books Mcf (1)	Standby Service Sales Volumes Mcf (2)	Net Applicable Sales Volumes Mcf (3)=(1)-(2)	Average Expected Gas Cost Rate $/Mcf (4)	Gas Cost Recovery $ (5)	Standby Service Recovery $ (6)	Total Gas Cost Recovery $ (7)=(5)+(6)	Cost of Gas Purchased $ (8)	(OVER)/ UNDER RECOVERY $ (9)=(8)-(7)
1	July 2004	181,260	299	180,961	$7.2177	$1,306,119	$44,972	$1,351,091	$3,520,982	$2,169,891
2	August 2004	194,783	125	194,658	$7.2177	$1,404,984	$48,399	$1,453,382	$2,486,224	$1,032,842
3	September 2004	186,276	(85)	186,361	$8.1098	$1,511,358	$46,658	$1,558,016	$416,792	($1,141,224)
4	October 2004	271,893	930	270,963	$8.0697	$2,186,591	$53,868	$2,240,459	$3,940,664	$1,700,205
5	November 2004	528,380	4,581	523,799	$8.0697	$4,226,902	$77,439	$4,304,342	$9,070,205	$4,765,863
6	December 2004	1,267,577	3,512	1,264,065	$10.0403	$12,691,620	$70,978	$12,762,598	$19,623,802	$6,861,204
7	January 2005	1,888,151	7,620	1,880,531	$10.0345	$18,870,055	$109,693	$18,979,748	$12,264,670	($6,715,077)
8	February 2005	1,880,083	(4,096)	1,884,179	$10.0345	$18,906,755	$4,176	$18,910,931	$13,955,778	($4,955,153)
9	March 2005	1,695,892	1,406	1,694,486	$8.7950	$14,902,956	$53,512	$14,956,467	$16,631,669	$1,675,202
10	April 2005	1,092,317	8,327	1,083,990	$8.7882	$9,526,349	$115,460	$9,641,809	$1,330,852	($8,310,956)
11	May 2005	517,925	3,984	513,941	$8.7882	$4,516,625	$67,607	$4,584,232	$926,601	($3,657,631)
12	June 2005	275,023	2,188	272,835	$9.4573	$2,580,285	$56,781	$2,637,067	($1,575,891)	($4,212,958)
13	TOTAL	9,979,560	28,791	9,950,769		$92,630,599	$749,542	$93,380,141	$82,592,349	($10,787,792)
14	Off-System Sales									($48,103)
15	Capacity Release									($731,498)
16	Gas Cost Audit									$0
17	TOTAL UNDER-RECOVERY									($11,567,394)
18	Demand Revenues Received									$12,071,378
19	Demand Cost of Gas									$14,581,195
20	Demand Under Recovery									$2,509,817
21	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2006									16,447,782
22	**DEMAND ACA TO EXPIRE AUGUST 31, 2006**									**$0.1526**
23	Commodity Revenues Received									$81,308,758
24	Commodity Cost of Gas									$67,231,552
25	Commodity Under Recovery									($14,077,206)
26	Expected Sales + Choice Volumes for the Twelve Months End Aug. 30, 2006									16,447,782
27	**COMMODITY ACA TO EXPIRE AUGUST 31, 2006**									**($0.8559)**
28	**TOTAL ACA TO EXPIRE AUGUST 31, 2006**									**($0.7033)**

STATEMENT SHOWING ACTUAL COST RECOVERY FROM CUSTOMERS TAKING STANDBY SERVICE UNDER RATE SCHEDULE IS AND GSO
FOR THE TWELVE MONTHS ENDED JUNE 30, 2005

LINE NO.	MONTH	SS Commodity Volumes (1) Mcf	Average SS Recovery Rate (2) $/Mcf	SS Commodity Recovery (3) $
1	July 2004	299	$8.6680	$2,592
2	August 2004	125	$8.2864	$1,036
3	September 2004	(85)	$8.2864	($704)
4	October 2004	930	$6.9948	$6,505
5	November 2004	4,581	$7.0220	$32,168
6	December 2004	3,512	$7.0220	$24,661
7	January 2005	7,620	$9.7377	$74,201
8	February 2005	(4,096)	$8.9669	($36,728)
9	March 2005	1,406	$8.9669	$12,607
10	April 2005	8,327	$7.8445	$65,321
11	May 2005	3,984	$7.9658	$31,736
12	June 2005	2,188	$7.9658	$17,429
13	**Total SS Commodity Recovery**			$230,824

LINE NO.	MONTH	SS Demand Volumes (1) Mcf	Average SS Demand Rate (2) $/Mcf	SS Demand Recovery (3) $
14	July 2004	6,151	$6.8900	$42,380
15	August 2004	6,151	$7.7000	$47,363
16	September 2004	6,151	$7.7000	$47,363
17	October 2004	6,151	$7.7000	$47,363
18	November 2004	6,151	$7.3600	$45,271
19	December 2004	6,151	$7.5300	$46,317
20	January 2005	6,151	$5.7700	$35,491
21	February 2005	6,151	$6.6500	$40,904
22	March 2005	6,151	$6.6500	$40,904
23	April 2005	7,397	$6.7782	$50,138
24	May 2005	5,338	$6.7200	$35,871
25	June 2005	5,856	$6.7200	$39,352
26	**Total SS Demand Recovery**			$518,719
27	**TOTAL SS AND GSO RECOVERY**			$749,542

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS ADJUSTMENT FILING OF COLUMBIA GAS OF KENTUCKY, INC.	)))	CASE NO. 2007-00050

ORDER

On December 13, 2002, in Case No. 2002-00145,[1] the Commission approved rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment in accordance with Columbia's gas cost adjustment ("GCA") clause.

On January 30, 2007, Columbia filed its proposed GCA to be effective March 1, 2007. On February 5, 2007, Columbia filed a correction to one of its proposed tariff sheets.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Columbia's revised expected gas cost ("EGC") is $9.4131 per Mcf, a decrease of 98.81 cents per Mcf from its last EGC of $10.4012.

3. Columbia's notice sets out a rate for Banking and Balancing Service of 2.06 cents per Mcf.

4. Columbia's notice sets out no take-or-pay refund adjustment.

5. Columbia's notice sets out no transportation take-or-pay refund adjustment.

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[1] Case No. 2002-00145, Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc.

6. Columbia's notice sets out no current quarter refund adjustment ("RA"). Columbia's notice sets out a total RA of (.07) cent per Mcf, which is an increase of 1.24 cent per Mcf from the prior RA.

7. Columbia's notice sets out an annual actual cost adjustment of ($1.9761) per Mcf, which is no change from the previous rate.

8. Columbia's notice sets out a balancing adjustment of ($1.1408) per Mcf, which is a decrease of $1.1414 per Mcf from the previous rate.

9. Columbia's notice sets out a Special Agency Service refund adjustment of (.02) cent per Mcf, which is no change from the previous rate.

10. Columbia's notice sets out a Gas Cost Incentive Adjustment of 2.81 cents per Mcf, which is an increase of .51 cent per Mcf from the previous rate.

11. Columbia's approved gas cost recovery rate ("GCR") is $6.3234 per Mcf, which is $2.1120 per Mcf less than its previous GCR of $8.4354.

12. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of March 2007, beginning on March 1, 2007.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order are approved for billing with the final meter readings beginning on March 1, 2007.

Done at Frankfort, Kentucky, this 27th day of February, 2007.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00050 DATED February 27, 2007

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be $6.3234 per Mcf effective March 1, 2007.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS ADJUSTMENT FILING OF COLUMBIA GAS OF KENTUCKY, INC.	)))	CASE NO. 2006-00179

ORDER

On December 13, 2002, in Case No. 2002-00145,[1] the Commission approved rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment in accordance with Columbia's gas cost adjustment ("GCA") clause.

On May 1, 2006, Columbia filed its proposed GCA to be effective May 31, 2006. Columbia filed supplemental information on May 12, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Columbia's revised expected gas cost ("EGC") is $10.7035 per Mcf, a decrease of $1.0681 per Mcf from its last EGC of $11.7716.

3. Columbia's notice sets out a rate for Banking and Balancing Service of 2.05 cents per Mcf.

4. Columbia's notice sets out no take-or-pay refund adjustment.

5. Columbia's notice sets out no transportation take-or-pay refund adjustment.

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[1] Case No. 2002-00145, Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc., Order dated December 13, 2002.

6. Columbia's notice sets out a current quarter refund adjustment ("RA") of (.07) cent per Mcf. Columbia's notice sets out a total RA of (1.32) cent per Mcf, which is an increase of 1.14 cent per Mcf from the prior RA.

7. Columbia's notice sets out an annual actual cost adjustment ("ACA") of (70.33) cents per Mcf, which is no change from the previous rate.

8. Columbia's notice sets out a balancing adjustment ("BA") of (.26) cent per Mcf, which is no change from the previous rate.

9. Columbia's notice sets out a Special Agency Service refund adjustment of (.01) cent per Mcf, which is no change from the previous rate.

10. Columbia's notice sets out a Gas Cost Incentive Adjustment ("Incentive") of 2.30 cents per Mcf. Since this is a new component, this is an increase of 2.30 cents per Mcf from the previous rate.

11. Columbia's approved gas cost recovery rate ("GCR") is $10.0073 per Mcf, which is $1.0337 per Mcf less than its previous GCR of $11.0410.

12. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of June 2006, beginning on May 31, 2006.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order are approved for billing with the final meter readings beginning on May 31, 2006.

Done at Frankfort, Kentucky, this 26th day of May, 2006.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00179 DATED May 26, 2006.

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be $10.0073 per Mcf effective May 31, 2006.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS ADJUSTMENT FILING OF COLUMBIA GAS OF KENTUCKY, INC.	)))	CASE NO. 2006-00366

ORDER

On December 13, 2002, in Case No. 2002-00145,[1] the Commission approved rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment in accordance with Columbia's gas cost adjustment ("GCA") clause.

On July 31, 2006, Columbia filed its proposed GCA to be effective August 29, 2006. On August 18, 2006, Columbia filed its revised GCA still to be effective August 29, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Columbia's revised expected gas cost ("EGC") is $10.0239 per Mcf, a decrease of 67.96 cents per Mcf from its last EGC of $10.7035.

3. Columbia's notice sets out a rate for Banking and Balancing Service of 2.05 cents per Mcf.

4. Columbia's notice sets out no take-or-pay refund adjustment.

5. Columbia's notice sets out no transportation take-or-pay refund adjustment.

[1] Case No. 2002-00145, *Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc.*, Order dated December 13, 2002.

6. Columbia's notice sets out no current quarter refund adjustment ("RA"). Columbia's notice sets out a total RA of (1.32) cent per Mcf, which is no change from the prior RA.

7. Columbia's notice sets out an annual actual cost adjustment ("ACA") of ($1.6671) per Mcf, which is a decrease of 96.38 cents per Mcf from the previous rate.

8. Columbia's notice sets out a balancing adjustment ("BA") of .06 cent per Mcf, which is an increase of .32 cent per Mcf from the previous rate.

9. Columbia's notice sets out a Special Agency Service refund adjustment of (.02) cent per Mcf, which is a decrease of .01 cent per Mcf from the previous rate.

10. Columbia's notice sets out a Gas Cost Incentive Adjustment ("Incentive") of 2.30 cents per Mcf, which is no change from the previous rate.

11. Columbia's approved gas cost recovery rate ("GCR") is $8.3670 per Mcf, which is $1.6403 per Mcf less than its previous GCR of $10.0073.

12. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of September 2006, beginning on August 29, 2006.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order are approved for billing with the final meter readings beginning on August 29, 2006.

Done at Frankfort, Kentucky, this 28th day of August, 2006.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00366 DATED August 28, 2006

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be $8.3670 per Mcf effective August 29, 2006.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS ADJUSTMENT FILING OF COLUMBIA GAS OF KENTUCKY, INC.	)))	CASE NO. 2005-00318

O R D E R

On December 13, 2002, in Case No. 2002-00145, the Commission approved rates for Columbia Gas of Kentucky, Inc. ("Columbia") and provided for their further adjustment in accordance with Columbia's gas cost adjustment ("GCA") clause.[1]

On July 29, 2005, Columbia filed its proposed GCA to be effective August 29, 2005.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Columbia's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Columbia's revised expected gas cost ("EGC") is $10.1188 per Mcf, an increase of 66.11 cents per Mcf from its last EGC of $9.4577.

3. Columbia's notice sets out a rate for Banking and Balancing Service of 2.05 cents per Mcf.

4. Columbia's notice sets out no take-or-pay refund adjustment.

5. Columbia's notice sets out no transportation take-or-pay refund adjustment.

[1] Case No. 2002-00145, Adjustment of Gas Rates of Columbia Gas of Kentucky, Inc., Order dated December 13, 2002.

6. Columbia's notice sets out no current quarter refund adjustment ("RA"). Columbia's notice sets out a total RA of (1.74) cent per Mcf, an increase of .03 cent from the prior RA.

7. Columbia's notice sets out an annual actual cost adjustment ("ACA") of (70.33) cents per Mcf, which is a decrease of 81.78 cents per Mcf from the previous rate.

8. Columbia's notice sets out a balancing adjustment ("BA") of .51 cent per Mcf, which is a decrease of 21.79 cents per Mcf from the previous rate.

9. Columbia's notice sets out a Special Agency Service refund adjustment of (.01) cent per Mcf, which is an increase of .01 cent per Mcf from the previous rate.

10. Columbia's approved gas cost recovery rate ("GCR") is $9.4031 per Mcf, which is 37.42 cents per Mcf less than its previous GCR of $9.7773.

11. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing with the final meter readings of the first billing cycle of September 2005, beginning on August 29, 2005.

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order are approved for billing with the final meter readings beginning on August 29, 2005.

Done at Frankfort, Kentucky, this 24th day of August, 2005.

By the Commission

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00318 DATED August 24, 2005

The following rates and charges are prescribed for the customers in the area served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Gas Cost Recovery Rate

The total Gas Cost Recovery Rate shall be $9.4031 per Mcf effective August 29, 2005.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 154:

Refer to Schedule M, page 1.

a. How does the Company distinguish between commercial and industrial customers?

b. Are there any differences in the rates charged commercial and industrial customers of the same size?

c. What are "Trans Fallback" customers?

d. What are the differences between:
   i. Lines 3 and10,
   ii. Lines 4, 9, 11 and 12,
   iii. Lines 5, 7, and 8,
   iv. Lines 35 through 38,
   v. Lines 41 and 42?

e. Why does the revenue from Standby Service disappear under proposed rates?

f. What are the tariff pages that apply to:
   i. lines 25 through 27,
   ii. lines 30, 41 and 42.
   iii. lines 5 through 8?

Response of Columbia Gas of Kentucky:

a. Per CKY's tariff Second Revised Sheet no. 99 a commercial customer is:

Commercial Customer is a customer using gas service through a single meter in commercial activities such as apartment buildings, rooming and boarding dwellings, residential hotels, multi-family row housing, doubles, duplexes, combination commercial and residential accounts shall be considered commercial if commercial usage is half or more than half of the total service, and all other situations where gas is supplied to consumers in two or more dwelling units designed for the primary purpose of residences. Includes warehousing, distributing or selling commodities, providing professional services, wholesale and retail stores, offices, office buildings, hotels, clubs, lodges, associations, restaurants, warehouses, railroad and bus

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
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stations, banks, laundries, dry cleaners, mortuaries, garages for commercial activity, gasoline stations, theaters, bowling alleys, billiard parlors, motor courts, camps, bars, grills, taverns, retail bakeries, private hospitals, private schools, churches, religious and charitable institutions, governmental agencies, or the like.

Per CKY's tariff Fourth Revised Sheet no. 100 an industrial customer is:

Industrial Customer is a customer using gas primarily in a process which either involves the extraction of raw materials from the earth, or a change of raw or unfinished materials into another form or product through the application of heat or heat treating, steam agitation, evaporation, baking, extraction, drying, distilling, etc.

b. No.

c. "General Service Trans Fallback" customers are customers on rate GDS who are deficient in deliveries to CKY per section 6 on Sheet 92 of CKY's tariff. The customers "fall back" to sales service and CKY bills the volumes under-delivered to the Company at the GS sales service rates.

d.
- i. Line 3 is commercial revenues at LG&E's G1C tariff rates, Line 10 is commercial revenues at a contracted rate per a right-of-way agreement off the "LG&E line".
- ii. Line 4 is residential revenues at LG&E's G1R tariff rates, Lines 9, 11, and 12 are residential revenues at a contracted rates per a right-of-way agreements off the "LG&E line".
- iii. Lines 5, 7, and 8 are residential revenues at contracted rates per right-of-way agreements established with Inland Gas Company and subsequently adopted by CKY.
- iv. Line 35 industrial revenues at flexed rate FX2.
  Line 36 industrial revenues at flexed rate FX4.
  Line 37 industrial revenues at flexed rate FX5.
  Line 38 industrial revenues at flexed rate FX6.
- v. Line 41 industrial revenues at flexed rate SC2.
  Line 42 industrial revenues at flexed rate SC3.

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e. Per proposed tariff sheet no. 6, Standby Service will be included under transportation service instead of sales service as in the current tariff. Essentially Standby Service charges are proposed to be billed on a customer's GTS invoice with the customer's DS delivery charges instead of a separate sales invoice as is the current practice. Standby volumes have simply been moved from sales rate schedules under current rates (see Schedule M-2.2 i.e. Schedule SS) to transportation rate schedules under proposed rates (see Schedule M-2.3 Schedule DS-IS) as indicated in footnote 3, Schedule M-2.3, Page 2 of 40.

f. i. See tariff Sheets 30 – 32 (Rate SVGTS).
ii. See tariff Sheet 39, Flex Provision of rate schedule DS.
iii. Right-of-way rate agreements.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 155:

Refer to Schedule M, page 2. Please explain line 2, "Forfeited Discounts."

Response of Columbia Gas of Kentucky:

"Forfeited Discounts" is FERC's title of FERC account 487 where CKY records revenues billed under the Late Payment Penalty clause of CKY's tariff. Refer to the General Terms and Conditions, Rules and Regulations, Section 25 of CKY's tariff Sheet No. 74.

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2006

Question No. 156:

Refer to Schedule M-2.1, page 1.

a. Why is there negative revenue in line 26, Firm Commercial Standby Service?
b. Why is the average rate for Interruptible Commercial Service (line 25) over five times the rate for Commercial Firm Service (line 23)?
c. Please explain line 14, Symbolic Atonement.

Response of Columbia Gas of Kentucky:

a. CKY's data base does not store the split between invoiced firm and interruptible revenues. So in order to fulfill the format requirements of the filing, this amount was estimated by splitting on Schedule M-2.1 between firm (line 26) and interruptible (line 27). The total billed amount invoiced during the test year for Commercial Standby Service was $273,101.09. The estimate was made by dividing the $273,101.09 by total test year volumes of 7,010.0 Mcf and then multiplying by the firm (4,963.0 Mcf) and interruptible (2,047.0 Mcf) resulting in $193,352.46 (line 26, column J) and $79,748.63 (line 27, column J).

   Gas Cost Revenue for firm SS commercial service was calculated by applying gas cost rates in effect during the test year to test year firm volumes in work-paper WPM-A resulting in $216,042.00 (line 26, column I).

   Gas Cost Revenue for interruptible SS commercial service was calculated by applying gas cost rates in effect during the test year to test year interruptible volumes in work-paper WPM-A resulting in $216,042.00 (line 26, column I).

   Total invoiced revenue in column J less Gas Cost Revenue in column I resulted in calculated base revenue ($22,689.54) for line 26 and $53,387.63 for line 27.

   The initial split of total billed invoice was a quick way to split the invoiced revenue for the format required by Schedule M-2.1.The most appropriate way to estimate the split is on a calculated weighted average rate applied to both firm and interruptible volumes. The drawback to this methodology is that firm and interruptible are billed at different rates and thereby creating a credit non-gas revenue for firm and an overstated non-gas revenue for interruptible.

   It is important to note that the combined lines 26 and 27 revenues (total, gas cost, and non-gas cost) <u>are correct.</u> The calculated gas cost revenue for the firm/ interruptible split is also correct. It was only the split between the firm / interruptible

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
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total invoiced revenue that caused an incorrect split of non-gas cost revenue for Commercial Standby Service.

b. See explanation of total invoice split above.

c. Symbolic atonement is the situation where a customer has been damaged in some way (service man steps on flowers etc.). The customer gets a bill credit for a nominal amount. The company then makes an entry on its books to include the amount as 480 or 481 revenue and the offsetting entry is Account 905 miscellaneous customer accounts expense.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 157:

Refer to Schedule M-2.1, page 2:

a. Line 2: why is there negative revenue in this line?
b. Please explain lines 6,7,10 and 11.
c. Please explain line 12, Rate Refund Normalization.

Response of Columbia Gas of Kentucky:

a. Per CKY's tariff sheet no. 51c, CKY bills a surcharge to customers to recover CKY's funding of natural gas research and development. Amounts billed are initially recorded as revenue (and included in the invoiced revenues shown by rate schedule in Schedule M-2.1). An entry is then made to CKY's books to move the amounts from the income statement (debit account 480/481/489 revenue) to the balance sheet (credit account 182 regulatory asset) to offset funding costs. The negative revenue of ($44,252.99) shown on Schedule M-2.1, page 2, is the sum of the debits made during the test year for Commercial Sales revenue.

Example Accounting entries are as follows:

Account is billed the surcharge (Sch. M-2.1 included in total invoiced rate GSO):

Debit account 142 (A/R) $10
Credit account 481 (Commercial Revenue) ($10)

Accounting makes the entry to move the amount billed to the balance sheet (negative revenue on page 2):

Debit account 481 (Commercial Revenue) $10
Credit account 182 (Regulatory Asset) ($10)

As CKY incurs R&D charges, those charges go against the amount recovered:

Debit account 182 (Regulatory Asset) $15
Credit account 232 (A/P) ($15)

Note the net effect to the income statement is $0.

b. Customers on delivery service meters are read or calculated once a month or daily. However, even though meters are read during the invoice month by Columbia, Columbia must wait until approximately the 10th of the next month to receive information on how much gas was delivered to Columbia's distribution system on behalf of the customer before billing can begin. Since delivery service billing cannot begin until approximately the 10th of the month, and financial statements must be created by the end of the 5th workday of the month, Columbia must record estimated usage and revenue for the monthly financial statement for GTS service.

Customers billed using the GMB system are basically those who either transport under GTS service, fall short on their supply, and "fallback" on Columbia's supply of gas or those large volume customers who buy gas from Columbia who are billed on a daily use basis. Meters can be read or calculated once a month or daily. However, even though meters are read during the invoice month by Columbia, Columbia must wait until it is determined if there is a shortfall of gas supplier by a third party before GMB can bill. GMB cannot bill transportation service customers until the customer is invoiced for delivery service in the GTS billing system. Therefore, since GMB billing cannot begin until GTS billing is finished, Columbia must record estimated usage and revenue for the monthly financial statement for GMB sales service as well.

Each month on CKY's books the current month's estimated revenue is booked, the prior month's estimate is reversed, and the prior month's actual invoiced revenue is booked. Schedule M-2.1 shows actual invoiced revenue for the test year 12 months ending September 2006. As estimated revenue is reversed and replaced by actual invoiced revenue on CKY's books, what's left to reconcile Schedule M-2.1 to CKY's financial statement is to add September 2006 estimated revenue (line 6) and September 2005 actual invoiced revenue (line 7), and subtract September 2006 actual invoiced revenue (line 10) and September 2005 estimated revenue (line 11).

c. As CKY receives refunds from pipelines and suppliers, under accrual accounting CKY books a debit (reduction) to revenue and a credit to a liability account on the financial statement in the month the refund is received. As CKY passes back the refund to customers over a 12 month period, the amount of the pass-back is credited to revenue and debited to the liability account over the 12 month period. These credits to revenue are what make up the Rate Refund Normalization amount on Schedule M-2.1.

**BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007**

Question No. 158

Refer to Schedule M-2.1, page 4:

a. Why are there negative numbers in column H?

b. What is "B&B" referred to in lines 34 and 35 and why are the numbers negative?

Response of Columbia Gas of Kentucky:

a. Customers participating in CKY's customer "Choice" program are subject to CKY's Refund Adjustment, SAS Refund Adjustment, Actual Cost Adjustment, Balancing Adjustment and Gas cost Incentive Adjustment per CKY's tariff Sheet 32. The negative numbers on Schedule M-2.1, page 4 were calculated by applying these adjustments to applicable volumes for each month of the test year on work-paper WPM-A sheets 7 & 8.

b. B&B refers to Banking & Balancing Service. Per CKY's tariff sheet no. 39, CKY bills a surcharge to delivery service customers for the ability to "bank" gas in storage for future delivery. Amounts billed are initially recorded as revenue (and included in the invoiced revenues shown by rate schedule in Schedule M-2.1). An entry is then made to CKY's books to reclassify the amounts from revenue (debit account 489 revenue) to a contra expense (credit account 803 gas cost expense) to offset gas cost expense to sales service customers. The negative revenues on lines 34 and 35 shown on Schedule M-2.1, page 4, are the results of this entry.

   Example Accounting entries are as follows:

   Account is billed the surcharge (Sch. M-2.1 included in total invoiced rate DS):

   Debit account 142 (A/R) $10
   Credit account 489 (GTS Revenue) ($10)

   Accounting makes the entry to move the amount billed to expense (negative revenue on page 4):

   Debit account 489 (GTS Revenue) $10
   Credit account 803 (Gas Cost Expense) ($10)

   Note the net effect to the income statement is $0.

Attorney General Data Request Set 1
Question No. **159**
Columbia Gas of Kentucky Respondent: **Mark Balmert**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 159:

Refer to Schedule M-2.1, page 5: Please explain line 28, Non-traditional Sales.

Response of Columbia Gas of Kentucky:

The term "non-traditional sales" refers to arrangements that result in revenues generated by Columbia Gas of Kentucky beginning April 1, 2005 for the sale of unbundled or re-bundled gas supply and capacity products, including the sale of a right to such arrangements. Such arrangements are defined to include, but are not limited to: flowing gas sales, incremental gas sales, physical gas options, exchanges and contract management fees. Columbia Gas of Kentucky also includes arrangement for marketed capacity release within the term "off system sales."

The non-traditional revenue of $8,646,115 relates to off-system sales made by Columbia of Kentucky under its approved gas supply incentive program. The program is detailed in the Columbia's Tariff at Sheet No. 50.

Attorney General Data Request Set 1
Question No. **160**
Columbia Gas of Kentucky Respondent: **Mark Balmert**

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 160:

Refer to Schedule M-2.2: Please explain column M. It refers to a column F that is not displayed. Provide the full schedule, inclusive of hidden columns, in electronic format with all calculations and algorithms in tact.

Response of Columbia Gas of Kentucky:

Column F referred to on Schedule M-2.2 is column F on Schedule M-2.3.
Column K referred to on Schedule M-2.2 is column K on Schedule M-2.2.

Attached is the spreadsheet that creates Schedule M-2.2 in compact disc (CD) format.
The file name is 2007-00008 AG Set1-160 Attachment.xls

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY
PSC CASE NO. 2007-00008
INFORMATION REQUESTED BY THE ATTORNEY GENERAL
DATED APRIL 10, 2007

Question No. 161:

Refer to Schedule N: Please define "Average Monthly Bill." Is this in Mcf or in dollars?

Response of Columbia Gas of Kentucky:

Mcf.