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MAY 29 2013

PUBLIC SERVICE  
COMMISSION



May 29, 2013

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

Re: Columbia Gas of Kentucky, Inc.  
PSC Case No. 2013-00167

Dear Mr. DeRouen

Pursuant to its Notice of Intent dated April 30, 2013, Columbia Gas of Kentucky, Inc. ("Columbia") hereby submits an original and ten (10) copies of its Application for Adjustment in Rates utilizing a forecasted test period.

Very truly yours,

A handwritten signature in black ink that reads 'Stephen B. Seiple'.

Stephen B. Seiple  
Assistant General Counsel

Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 29 2013

PUBLIC SERVICE  
COMMISSION

In the matter of adjustment of rates of )  
Columbia Gas of Kentucky, Inc. ) Case No. 2013-00167

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APPLICATION FOR ADJUSTMENTS IN RATES

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Columbia Gas of Kentucky, Inc. ("Columbia"), pursuant to KRS 278.180 and KRS 28.190, hereby submits the instant Application for Adjustment in Rates ("Application") to become effective June 30, 2013, in conformity with this Application and the attached schedules. Columbia respectfully states:

(A) Columbia is a corporation organized and existing under the laws of the Commonwealth of Kentucky. Columbia's full name is Columbia Gas of Kentucky, Inc. Its corporate headquarters and principal Kentucky office are located at 2001 Mercer Road, Lexington, Kentucky, 40511-1018, and its mailing address is P.O. Box 14241, Lexington, KY 40512-4241. Columbia is engaged in the distribution and sale of natural gas, as well as the transportation of customer-owned volumes of gas, in the following Kentucky communities: Ashland, Bellefonte, Catlettsburg, Coal Run, Cynthiana, Flatwoods, Foster, Frankfort, Fullerton, Georgetown, Germantown, Greenup, Hindman, Inez, Irvine, Lexington, Louisa, Maysville,

Midway, Mt. Sterling, Paris, Raceland, Ravenna, Russell, South Shore, South Williamson, Versailles, Warfield, Winchester, and Worthington. Columbia also serves rural communities and areas in the following Kentucky counties: Bath, Bourbon, Boyd, Bracken, Carter, Clark, Clay, Estill, Fayette, Floyd, Franklin, Greenup, Harrison, Jessamine, Johnson, Knott, Lawrence, Lee, Letcher, Lewis, Madison, Martin, Mason, Montgomery, Nicholas, Owsley, Pike, Robertson, Scott, and Woodford.

(B) Columbia's last application to adjust rates was filed on May 4, 2009, in Case No. 2009- 00141, which was resolved by a settlement agreement adopted by the Commission in an Order, dated October 26, 2009. The rates established in that proceeding were intended to produce an overall return of 8.10% based on a return on equity of 10.50%. As more fully explained in testimony, Columbia has not been able to earn its authorized rate of return due to regulatory lag and declining customer usage. The proposed rate adjustment is necessary to enable Columbia to continue providing safe, reasonable and adequate service to its customers, and to afford Columbia a reasonable opportunity to earn a fair return on its investment property which is used to provide that service. A more detailed explanation of the reasons for this Application is contained in testimony attached hereto.

(C) Columbia hereby gives notice to the Public Service Commission of the adjustment of its rates as set forth in Schedule M in the total amount of

\$16,595,473 on an annual basis, to become effective with service rendered on and after June 30, 2013. The percentage of increase will approximate 17.75% to Columbia. The estimated amount of increase per customer class is as follows:

Residential	\$11,809,084	19.82%
Commercial	\$4,240,720	15.76%
Industrial	\$476,766	7.90%
Wholesale	\$6,450	8.40%
Other	\$62,453	7.08%

Schedules L, M and Attachment RAF-3 contain a comparison of the existing and proposed rates.

(D) As authorized by KRS § 278.192(1), and for the purpose of justifying the rates proposed herein, Columbia has utilized a forecasted test period consisting of the twelve months ended December 31, 2014, with a base period ended August 31, 2013. As required by KRS § 278.192(2), and within 45 days after the end of the base period, Columbia will file the actual results for the estimated months.

(E) In addition to the adjustment of distribution rates, Columbia is proposing the following programs and policy changes, all of which are more fully explained in the testimony that is part of this Application:

1. the implementation of a tariff mechanism, termed Revenue Normalization Adjustment (“RNA”), that would enable Columbia to adjust base rates for Columbia’s residential (Rate Schedule GSR and Rate Schedule SVGTS GSR) customer class

on a quarterly basis to reconcile the difference in non-gas base rate revenue to account for changes in gas usage per customer caused by factors not adjusted by the existing Weather Normalization Adjustment and modification of the Energy Efficiency and Conservation Rider as this adjustment would substitute for the Revenue from Lost Sales component;

2. the revision of the Accelerated Main Replacement Program (“AMRP”) Rider to provide for use of a forecasted period and inclusion of property taxes; and,
3. the continuation of Columbia’s pilot CHOICE program for an additional three years.

(F) Columbia’s annual reports, including the annual report for 2012, are on file with the Commission in accordance with 807 KAR 5:006, Section 3(1).

(G) Columbia is a corporation, and a certified copy of Columbia’s articles of incorporation was filed with the Commission in Case No. 2013-00066.

(H) A certificate of good standing issued by the Office of the Secretary of State on April 23, 2013 is found at Tab No. 2 of the filing requirements.

(I) Columbia conducts business only under its real name: Columbia Gas of Kentucky, Inc. As a result, no certificate of assumed name is required pursuant to KRS § 365.015.

(J) Columbia has filed with the Public Service Commission a written notice of its intention to file this rate application. The notice stated that the application would be supported by a fully forecasted test period and was filed with the Commission on April 30, 2013, at which time an electronic copy was served upon the Utility Intervention and Rate Division of the Attorney General's office via email, as required by 807 KAR § 5:001, Section 16(2)(c). A copy of that notice is identified as Tab No. 7 in the Filing Requirements.

(K) Columbia has complied with 807 KAR 5:011, Section 16(4) by delivering to newspapers of general circulation in its service area, a copy of the Notice identified as Tab No. 9 in the Filing Requirements, for publication once a week for three consecutive weeks in a prominent manner, the first of said publications to be made as of the date of this Application.

(L) As required by 807 KAR § 5:001, Sections 16(6)(a) and (b), Columbia will post a copy of the Notice contained in Tab No. 9 of the Filing Requirements at its place of business on May 29, 2013, and it will remain posted until the Commis-

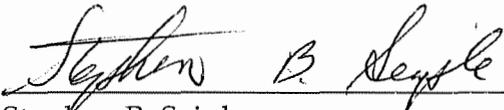
sion has finally determined Columbia's rates. Additionally, Columbia will post a copy of the Notice on its website within 7 days of the date of this Application.

This Application is filed under the provisions of KRS §§ 278.180 and 278.190, and 807 KAR § 5:001, Section 16. Columbia respectfully asks the Commission to find that the proposed rates are fair, just, and reasonable pursuant to KRS § 278.030(1).

Dated at Columbus, Ohio, this twenty-ninth day of May, 2013.

Respectfully submitted,

**COLUMBIA GAS OF KENTUCKY, INC.**

By:   
Stephen B. Seiple  
Assistant General Counsel

Stephen B. Seiple, Asst. General Counsel  
Brooke E. Leslie, Counsel  
200 Civic Center Drive  
P.O. Box 117  
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Richard S. Taylor  
225 Capital Avenue  
Frankfort, KY 40601  
Telephone: (502) 223-8967

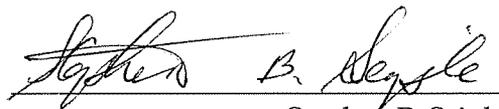
Fax: (502) 226-6383  
Email: attysmitty@aol.com

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

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Application for Adjustment in Rates was served upon the following parties via hand delivery this 29<sup>th</sup> day of May:

Hon. David J. Barberie  
Managing Attorney  
200 East Main Street  
Lexington, KY 40507  
Attorney for Lexington-Fayette Urban County Government



Stephen B. Seiple  
Attorney for Columbia Gas of Kentucky, Inc.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN ADJUSTMENT )  
OF GAS RATES OF COLUMBIA GAS ) CASE NO. 2013-00167  
OF KENTUCKY, INC. )

VOLUME 1

FILING REQUIREMENTS

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
**Table of Contents**  
**Volume 1**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
1	1-1	1	Reason adjustment is required	Herbert A. Miller Jr.
2	1-2	1	Certificate of good standing	Herbert A. Miller Jr.
3	1-3	1	Certificate of assumed name or statement that it is not necessary	Herbert A. Miller Jr.
4	1-4	1	Proposed tariff	Judy M. Cooper
5	1-5	1	Proposed tariff changes shown in comparative form	Judy M. Cooper
6	1-6	1	Statement that customer notice has been given with copy of notice	Herbert A. Miller Jr.
7	2-a	1	Written notice of intent	Herbert A. Miller Jr.
7	2-b	1	Application to Commission to use abbreviated form of newspaper notice	Herbert A. Miller Jr.
7	2-c	1	Notice of intent transmitted to AG's Office	Herbert A. Miller Jr.
8	3	1	Manner of customer notification	Herbert A. Miller Jr.
9	4-a	1	Notice shall include present and proposed rates by customer class	Herbert A. Miller Jr.
9	4-b	1	Amount of change requested	Herbert A. Miller Jr.
9	4-c	1	Effect on average bill for each customer class	Herbert A. Miller Jr.
9	4-d	1	Statement that rates are proposed by utility; PSC approves final order	Herbert A. Miller Jr.
9	4-e	1	Statement regarding Intervention process	Herbert A. Miller Jr.
9	4-f	1	Statement that written comments to may be made to PSC by mail or website	Herbert A. Miller Jr.
9	4-g	1	Statement that any person can obtain copy of the application and other filings from the utility	Herbert A. Miller Jr.
9	4-h	1	Statement that filing is available on PSC website	Herbert A. Miller Jr.
10	5	1	Proof of Newspaper Notice	Herbert A. Miller Jr.
11	6	1	Copy of filing available at place of business or Web within 7 days	Herbert A. Miller Jr.
12	7	1	Abbreviated form of Notice	Herbert A. Miller Jr.
13	8	1	Notice of hearing shall be advertised in newspaper	Herbert A. Miller Jr.
14	9	1	Series of rules for Historic Test Year	None

14	10	1	Series of rules for Historic Test Year with pro forma adjustments	None
15	11-a	1	Financial data for forecasted period presented as pro forma adjustments to base period	Chad E. Notestone/ S. Mark Katko/ Panpilas W. Fischer
16	11-b	1	Forecasted adjustments limited to 12 months following suspension period	Chad E. Notestone/ S. Mark Katko/ Panpilas W. Fischer
17	11-c	1	Capitalization and net investment rate based on 13 month average	Chad E. Notestone
18	11-d	1	No changes to the forecast after it is filed except to correct errors	Herbert A. Miller Jr.
19	11-e	1	PSC May request an alternative forecast	Herbert A. Miller Jr.
20	11-f	1	Reconciliation on rate base and capital	Chad E. Notestone
21	12-a	1	Prepared testimony	All
22	12-b	1	Most recent capital construction budget	Eric T. Belle
23	12-c	1	Description of factors used to prepare forecast period	All
24	12-d	1	Annual and monthly budget for 12 months	S. Mark Katko and Eric T. Belle
25	12-e	1	Attestation signed by utilities chief officer in charge of operations	Herbert A. Miller Jr.
25	12-e-1	1	Forecast reasonable, reliable in good faith	Herbert A. Miller Jr.
25	12-e-2	1	Forecast contains assumption and methodologies used in forecast	Herbert A. Miller Jr.
25	12-e-3	1	Productivity and efficiency gains included in forecast	Herbert A. Miller Jr.
26	12-f	1	Each major construction project 5% or more of annual construction budget	Eric T. Belle
26	12-f-1	1	Date project began or estimated starting date	Eric T. Belle
26	12-f-2	1	Estimated completion date	Eric T. Belle
26	12-f-3	1	Estimated cost of construction	Eric T. Belle
26	12-f-4	1	Most recent available costs incurred	Eric T. Belle
27	12-g	1	Construction projects less than 5% of annual budget within 3 yr. forecast	Eric T. Belle
28	12-h	1	Financial forecast for 3 forecasted years included in capital construction budget and including the following:	S. Mark Katko
29	12-h-1	1	Operating income statement	S. Mark Katko
30	12-h-2	1	Balance Sheet	S. Mark Katko
31	12-h-3	1	Statement of cash flows	S. Mark Katko
32	12-h-4	1	Revenue requirements necessary to support the forecasted rate of return	S. Mark Katko
33	12-h-5	1	Load forecast including energy and demand (electric)	N/A
34	12-h-6	1	Access line forecast (telephone)	N/A

35	12-h-7	1	Mix of generation (electric)	N/A
36	12-h-8	1	Mix of gas supply	S. Mark Katko
37	12-h-9	1	Employee level	S. Mark Katko
38	12-h-10	1	Labor cost changes	S. Mark Katko
39	12-h-11	1	Capital structure requirements	Paul R. Moul
40	12-h-12	1	Rate base	Chad E. Notestone
41	12-h-13	1	Gallons of water projected to be sold (water)	N/A
42	12-h-14	1	Customer forecast (gas, water)	William J. Gresham
43	12-h-15	1	Sales volume forecasts - cubic feet (gas)	William J. Gresham
44	12-h-16	1	Toll and access forecast of number for calls and number of minutes (telephone)	N/A
45	12-h-17	1	A detailed explanation of any other information provided	N/A
46	12-i	1	Most recent FERC or FCC audit reports	N/A
47	12-j	1	Prospectuses of most recent stock or bond offerings	S. Mark Katko
48	12-k	1	Most recent FERC Form 2	S. Mark Katko

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 2**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
49	12-I	2	Annual report to shareholders or members and statistical supplements for most recent 2 years prior to application filing date	S. Mark Katko

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 3**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
50	12-m	3	Current chart of accounts if more detail than the Uniform System of Accounts prescribed by the Commission	S. Mark Katko

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 4**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
51	12-n	4	Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast	S. Mark Katko
52	12-o	4	Complete monthly budget variance reports, with narrative explanations or the 12 months prior to base period	S. Mark Katko

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 5**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
53	12-p	5 and 6	SEC's annual report on Form 10-K for most recent 2 years and any 8-Ks issued during prior 2 years, and any form 10-Q issued during the past 6 quarters	S. Mark Katko

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 7**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
54	12-g	7	Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls	S. Mark Katko
55	12-r	7	Quarterly reports to the stockholders for the most recent 5 quarters	S. Mark Katko
56	12-s	7	Summary of latest depreciation study with schedules itemized by major plant accounts	John J. Spanos
57	12-t	7	List of software and models used in application	Herbert A. Miller, Jr.
58	12-u	7	Any amounts charged or allocated by an affiliate during the base period or during the previous 3 calendar years shall file:	Susanne M. Taylor and S. Mark Katko
58	12-u-1	7	Detailed description of method or calculation and amounts allocated or charged to utility by affiliates	Susanne M. Taylor and S. Mark Katko
58	12-u-2	7	Method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted period	Susanne M. Taylor and S. Mark Katko
58	12-u-3	7	Explain how allocator for both base and forecasted test period was determined	Susanne M. Taylor and S. Mark Katko
58	12-u-4	7	All facts relied upon, including other regulatory approval, to demonstrate that each amount charged during base period is reasonable.	Susanne M. Taylor and S. Mark Katko
59	12-v	7	Cost of service study based on methodology accepted in industry and based on current reliable data from single time period	Russell A. Feingold
60	12-w	7	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies	N/A

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 8**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
A	13-a	8	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase	S. Mark Katko
B	13-b	8	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base	Chad E. Notestone and Panpilas W. Fischer
C	13-c	8	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account base	S. Mark Katko
D	13-d	8	Summary of jurisdictional adjustment to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors	S. Mark Katko and Chad E. Notestone
E	13-e	8	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes	Panpilas W. Fischer
F	13-f	8	Summary schedules for both base and forecasted periods of organization membership dues, initiation fees, country club expenditures, charitable contributions, marketing, sales, and advertising, professional services, civic and political activities, employee parties and outings, employee gifts, and rate case expenses	S. Mark Katko

G	13-g	8	Analysis of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes straight time and overtime hours and executive compensation by title	S. Mark Katko
H	13-h	8	Computation of gross revenue conversion factor for forecasted period	S. Mark Katko
I	13-i	8	Comparative income statements, revenue statistics and sales statistics for 5 most recent calendar years, base period and forecasted period	S. Mark Katko
J	13-j	8	Cost of capital summary for both base and forecasted periods with supporting schedules providing details one ach component of the capital structure	Paul R. Moul
K	13-k	8	earnings measures for the 10 most recent calendar years, base period and forecasted period	S. Mark Katko
L	13-l	8	Narrative description and explanation of all proposed tariff changes	Judy M. Cooper
M	13-m	8	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes	Chad E. Notestone
N	13-n	8	Typical bill comparison under present and proposed rates for all customer classes	Chad E. Notestone

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 9**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
Herbert A. Miller, Jr.	Testimony	9	Policy	Herbert A. Miller, Jr.
Judy M. Cooper	Testimony	9	Tariff	Judy M. Cooper
Eric T. Belle	Testimony	9	Capital budget, AMR, Accelerated Mains Replacement Program	Eric T. Belle
William J. Gresham	Testimony	9	Forecasted Sales and Customer, UPC	William J. Gresham
Paul R. Moul	Testimony	9	Cost of Capital	Paul R. Moul
Russell A. Feingold	Testimony	9	Class Cost of Service Study, Rate Design	Russell A. Feingold
S. Mark Katko	Testimony	9	O&M Cost of Service (excl. rate base), Revenue Requirement	S. Mark Katko
Chad E. Notestone	Testimony	9	Revenue, Rate Base	Chad E. Notestone
John J. Spanos	Testimony	9	Depreciation studies	John J. Spanos
Susanne M. Taylor	Testimony	9	NiSource Corporate Services	Susanne M. Taylor
Panpilas W. Fischer	Testimony	9	Income Taxes	Panpilas W. Fischer

**Columbia Gas of Kentucky, Inc.**  
**Case 2013-00167**  
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**Volume 10**

<b>Tab</b>	<b>Filing Requirement</b>	<b>Volume</b>	<b>Description</b>	<b>Responsible Witness</b>
	Workpapers	10		



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 1-1**

**Description of Filing Requirement:**

A statement of the reason the adjustment is required.

**Response:**

Please refer to the testimony of Herbert A. Miller, Jr.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 1-2**

**Description of Filing Requirement:**

A certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.

**Response:**

Please refer to the attachment.

**Responsible Witness:**

Herbert A. Miller, Jr.

Commonwealth of Kentucky  
Alison Lundergan Grimes, Secretary of State

4/23/2013

Division of Corporations  
Business Filings  
P. O. Box 718  
Frankfort, KY 40602  
(502) 564-3490  
<http://www.sos.ky.gov>

Certificate of Existence

Authentication Number: 138023  
Visit <https://app.sos.ky.gov/fshow/certvaldate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**COLUMBIA GAS OF KENTUCKY, INC.**

is a corporation duly incorporated and existing under KRS Chapter 271B, whose date of incorporation is October 11, 1905 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 271B.16-20 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 23rd day of April, 2013.



*Alison Lundergan Grimes*

Alison Lundergan Grimes  
Secretary of State  
Commonwealth of Kentucky  
138023/0010555



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 1-3**

**Description of Filing Requirement:**

A certified copy of a certificate of assumed name as required by KRC 365.015 or a statement that such a certificate is not necessary.

**Response:**

A certificate of assumed name is not necessary.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 1-4**

**Description of Filing Requirement:**

New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

**Response:**

The proposed tariffs have been included as Schedule L.

**Responsible Witness:**

Judy M. Cooper



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 1-5**

**Description of Filing Requirement:**

New or revised tariff sheets, if applicable, identified in compliance with 807 KAR 5:011, shown either by:

- (a) Providing the present and proposed tariffs in comparative form on the same sheet side by side or facing sheets side by side; or
- (b) Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

**Response:**

The proposed tariff changes are identified and have been provided with Schedule L.

**Responsible Witness:**

Judy M. Cooper



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 1-6**

**Description of Filing Requirement:**

A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.

**Response:**

Columbia Gas of Kentucky, Inc. has provided customer notice, as required. A copy of the customer notice is attached to Filing Requirement 4.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 2**

**Description of Filing Requirement:**

A utility with gross annual revenues greater than \$5,000,000 shall notify the Commission in writing of notice of intent to file a rate application at least thirty (30) days, but not more than sixty (60) days, prior to filing the application.

- (a) The notice of intent shall state if the rate application will be supported by a historical test period or fully forecasted test period.
- (b) Upon filing the notice of intent, an application may be made to the commission for permission to use an abbreviated form of newspaper notice.
- (c) The applicant shall also transmit by electronic mail a copy of the notice in a portable document format to the Attorney General's Office of Rate Intervention at [rateintervention@ag.ky.gov](mailto:rateintervention@ag.ky.gov).

**Response:**

- (a) The notice of intent was provided, as required. A copy of the notice of intent is attached.
- (b) An abbreviated form of newspaper notice was not requested.
- (c) A copy of the notice was transmitted to the Attorney General's Office of Rate Intervention at [rateintervention@ag.ky.gov](mailto:rateintervention@ag.ky.gov).

**Responsible Witness:**

Herbert A. Miller, Jr.

RECEIVED

APR 29 2013

PUBLIC SERVICE  
COMMISSION

Columbia Gas  
of Kentucky  
A NiSource Company

April 29, 2013

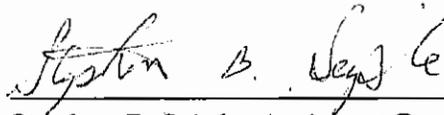
Mr. Jeff R. Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

Dear Mr. Derouen,

Pursuant to KRS Section 278.180(1) and 807 KAR 5:001 Section 16(2), Columbia Gas of Kentucky, Inc. ("Columbia") provides notice to the Commission of Columbia's intention to file an application for an increase in its base rates. The application will be filed no sooner than 30 days after the date of this letter and will be based on a fully forecasted test year ended December 31, 2014.

Columbia has provided an electronic copy of this notice to the Attorney General's Office of Rate Intervention at [rateintervention@ag.ky.gov](mailto:rateintervention@ag.ky.gov), pursuant to 807 KAR 5:001 Section 16(2)(c).

Respectfully submitted,



Stephen B. Seiple, Assistant General Counsel

Stephen B. Seiple, Assistant General Counsel  
Brooke E. Leslie, Senior Counsel  
200 Civic Center Drive  
P.O. Box 117  
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Attorneys for  
**COLUMBIA GAS OF KENTUCKY, INC.**



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 3**

**Description of Filing Requirement:**

Manner of notification.

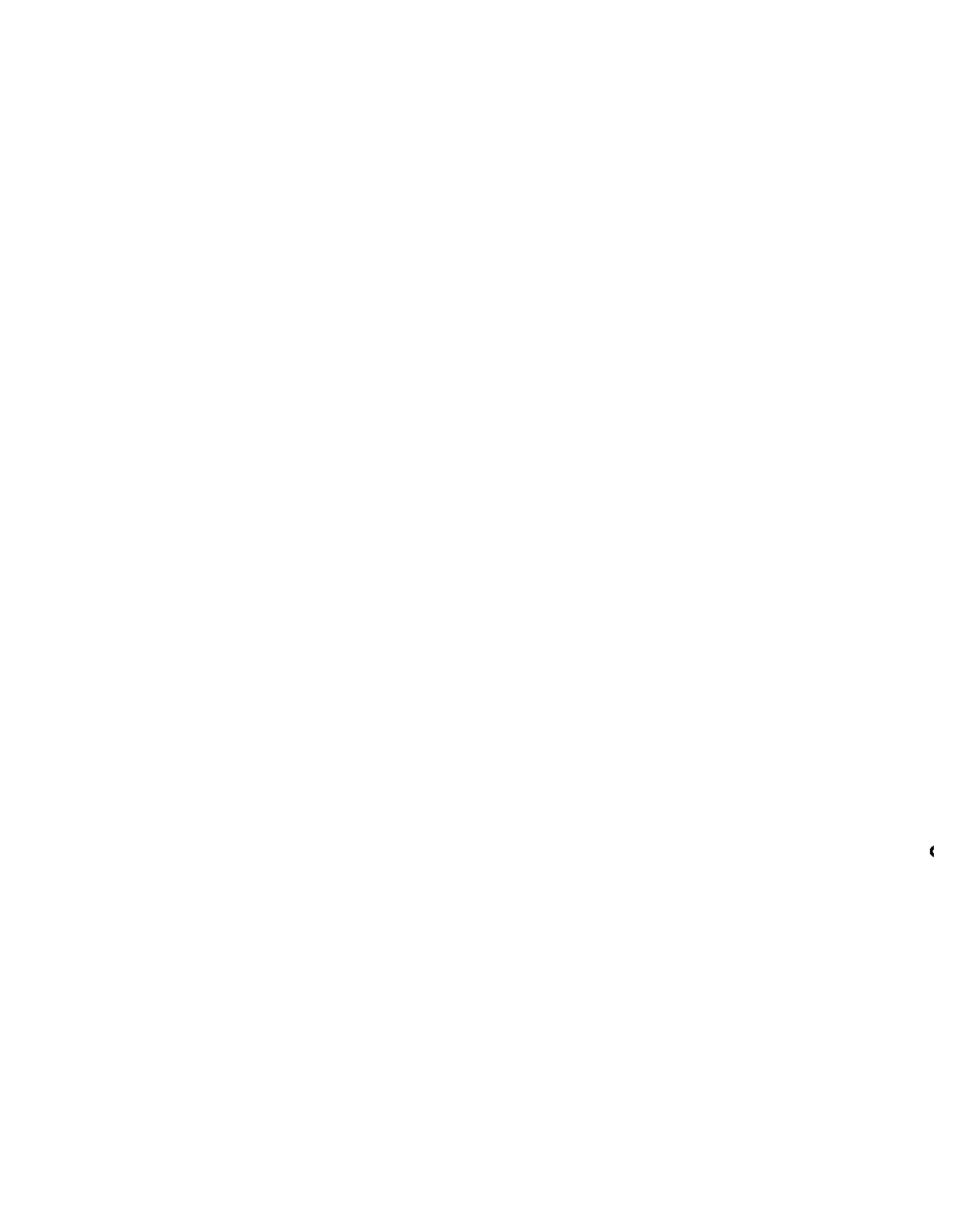
- (a) If the utility has twenty (20) or fewer customers...
- (b) An applicant that has more than twenty (20) customers and is not a sewage utility shall post at its place of business a sheet containing the information required by subsection (4) of this section and shall:
  - 1. Include notice with customer bills mailed by the date the application is filed;
  - 2. Publish notice in a trade publication or newsletter going to all customers by the date the application is filed; or
  - 3. Publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made by the date the application is filed.
- (c) Utilities providing service in multiple counties may use a combination of the notice methods listed in paragraph (b) of this subsection.
- (d) Notice given pursuant to this administrative regulation shall satisfy the requirements of 807 KAR 5:051, Section 2.

**Response:**

- (a) Not applicable.
- (b) The notice will be posted as required until the commission has issued a final order. The customer notice was provided to local newspapers for publication once a week for three (3) consecutive weeks, as required.
- (c) The Company will use notification method 3.
- (d) The notice satisfies the requirements of 807 KAR 5:051, Section 2.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 4**

**Description of Filing Requirement:**

Notice Requirements. Each notice shall contain the following information:

- (a) The present rates and proposed rates for each customer class to which the proposed rates will apply;
- (b) The amount of the change requested in both dollar amounts and percentage change for customer classification to which the proposed rate change will apply;
- (c) The amount of the average usage and the effect upon the average bill for each customer class to which the proposed rate change will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer class for the proposed rate change in basic local service;
- (d) A statement that the rates contained in this notice are the rates proposed by (name of utility) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;
- (e) A statement that a corporation, association, or person may within thirty (30) days after the initial publication or mailing of notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 that establishes the grounds for the request including the status and interest of the party, and states that intervention may be granted beyond the thirty (30) day period for good cause shown;
- (f) A statement that written comments regarding the proposed rate may be submitted to the Public Service Commission by mail or through the Public Service Commission's Web site;
- (g) A statement that a person may examine this filing and any other documents the utility has filed with the Public Service Commission at the offices of (the name of the utility) located at (the utility's address) and on the utility's Web site at (the utility's Web site address), if the utility maintains a public Web site; and
- (h) A statement that this filing and any other related documents can be found on the Public Service Commission's Web site at <http://psc.ky.gov/>.

**Response:**

A copy of the notice is attached.

**Responsible Witness:**

Herbert A. Miller, Jr.

## NOTICE

Notice is hereby given that Columbia Gas of Kentucky, Inc., ("Columbia") a Kentucky Corporation, has asked the Public Service Commission, Frankfort, Kentucky, for approval of an adjustment of rates to become effective June 30, 2013, for service rendered on and after June 30, 2013. The present rates charged in all territory served by Columbia are as follows:

	<u>Charge</u>	<u>Gas Cost Adjustment Demand</u>	<u>Gas Cost Adjustment Commodity</u>	<u>Total Billing Rate</u>
	\$	\$	\$	\$
<u>RATE SCHEDULES GS</u>				
<u>Residential (GSR)<sup>1</sup></u>				
Customer Charge per billing period	12.35			12.35
AMRP Rider per billing period	1.06			1.06
EECPRC per billing period	(0.24)			(0.24)
Delivery Charge per Mcf	1.8715	1.6692	2.4545	5.9952
EAP Rider	0.0615			0.0615
NGR&D Rider	0.015			0.015
<u>Commercial or Industrial (GSO)<sup>1</sup></u>				
Customer Charge per billing period	25.13			25.13
AMRP Rider per billing period	3.98			3.98
Delivery Charge per Mcf				
First 50 Mcf or less per billing period	1.8715	1.6692	2.4545	5.9952
Next 350 Mcf per billing period	1.8153	1.6692	2.4545	5.9390
Next 600 Mcf per billing period	1.7296	1.6692	2.4545	5.8533
Over 1,000 Mcf per billing period	1.5802	1.6692	2.4545	5.7039
NGR&D Rider	0.015			0.015
<u>RATE SCHEDULE IS - INTERRUPTIBLE SALES SERVICE</u>				
Customer Charge per billing period	583.39			583.39
AMRP Rider per billing period	237.59			237.59
Delivery Charge per Mcf				
First 30,000 Mcf per billing period	0.5467		2.4545	3.0012
Over 30,000 Mcf per billing period	0.2905		2.4545	2.7450
NGR&D Rider	0.015			0.015
Firm Service Demand Charge				
Demand Charge times Daily Firm Volumes (Mcf) in Customer Agreement		6.6495		6.6495
<u>RATE SCHEDULE IUS - INTRASTATE UTILITY SERVICE<sup>1</sup></u>				
Customer Charge per billing period	331.50			331.50
AMRP Rider per billing period	41.38			41.38

Delivery Charge per Mcf	0.7750	1.6692	2.4545	4.8987
NGR&D Rider	0.015			0.015

RATE SCHEDULE SS - STANDBY SERVICE

Standby Service Demand Charge per Mcf				
Demand Charge times Standby Service Volumes (Mcf) in Customer Agreement		6.6495		6.6495
Standby Service Commodity Charge per Mcf			2.4545	2.4545

RATE SCHEDULE DS - DELIVERY SERVICE

Administrative Charge per billing period	55.90			55.90
Customer Charge per billing period <sup>2</sup>	583.39			583.39
AMRP Rider – DS only- per billing period <sup>2</sup>	237.59			237.59

Customer Charge - Grandfathered Service only – per billing period	25.13			25.13
AMRP Rider – Grandfathered Service only - per billing period	3.98			3.98

Customer Charge - Intrastate Utility only – per billing period	331.50			331.50
AMRP Rider – Intrastate Utility only - per billing period	41.38			41.38

Delivery Charge per Mcf <sup>2</sup>

First 30,000 Mcf per billing period	0.5467			0.5467
Over 30,000 Mcf per billing period	0.2905			0.2905

Delivery Charge - Grandfathered Service only

First 50 Mcf or less per billing period	1.8715			1.8715
Next 350 Mcf per billing period	1.8153			1.8153
Next 600 Mcf per billing period	1.7296			1.7296
Over 1,000 Mcf per billing period	1.5802			1.5802

Delivery Charge - Intrastate Utility only

All volumes per billing period	0.7750			0.7750
Banking and Balancing Service		0.0207		0.0207
NGR&D Rider	0.015			0.015

RATE SCHEDULE MLDS - MAINLINE DELIVERY SERVICE

Administrative Charge	55.90			55.90
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Customer Charge per billing period	200.00		200.00
Delivery Charge Per Mcf	0.0858		0.0858
NGR&D Rider	0.015		0.015
Banking and Balancing Service		0.0207	0.0207

The proposed rates to be charged in all territory served by Columbia Gas of Kentucky, Inc. are as follows:

	<u>Charge</u>	<u>Gas Cost</u> <u>Adjustment</u> <u>Demand</u>	<u>Gas Cost</u> <u>Adjustment</u> <u>Commodity</u>	<u>Total</u> <u>Billing</u> <u>Rate</u>
	\$	\$	\$	\$
<u>RATE SCHEDULES GS</u>				
Residential (GSR) <sup>1</sup>				
Customer Charge per billing period	18.50			18.50
AMRP Rider per billing period	0.00			0.00
EECPRC per billing period	(0.24)			(0.24)
Delivery Charge per Mcf <sup>3,4</sup>	2.4322	1.6692	2.4185	6.5199
EAP Rider	0.0615			0.0615
NGR&D Rider	0.015			0.015
Commercial or Industrial (GSO) <sup>1</sup>				
Customer Charge per billing period	37.50			37.50
AMRP Rider per billing period	0.00			0.00
Delivery Charge per Mcf				
First 50 Mcf or less per billing period <sup>3</sup>	2.4322	1.6692	2.4185	6.5199
Next 350 Mcf per billing period <sup>3</sup>	2.3851	1.6692	2.4185	6.4728
Next 600 Mcf per billing period <sup>3</sup>	2.2990	1.6692	2.4185	6.3867
Over 1,000 Mcf per billing period <sup>3</sup>	2.1495	1.6692	2.4185	6.2372
NGR&D Rider	0.015			0.015
<u>RATE SCHEDULE IS -</u>				
<u>INTERRUPTIBLE SALES SERVICE</u>				
Customer Charge per billing period	583.39			583.39
AMRP Rider per billing period	0.00			0.00
Delivery Charge per Mcf				
First 30,000 Mcf per billing period <sup>3</sup>	0.6177		2.4185	3.0362
Over 30,000 Mcf per billing period <sup>3</sup>	0.3272		2.4185	2.7457
NGR&D Rider	0.015			0.015
Firm Service Demand Charge				

Demand Charge times Daily Firm Volumes (Mcf) in Customer Agreement		6.6495		6.6495
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RATE SCHEDULE IUS - INTRASTATE  
UTILITY SERVICE <sup>1</sup>

Customer Charge per billing period	477.00			477.00
AMRP Rider per billing period	0.00			0.00
Delivery Charge per Mcf <sup>3</sup>	1.0604	1.6692	2.4185	5.1481
NGR&D Rider	0.015			0.015

RATE SCHEDULE SS - STANDBY  
SERVICE

Standby Service Demand Charge per Mcf Demand Charge times Standby Service Volumes (Mcf) in Customer Agreement		6.6495		6.6495
Standby Service Commodity Charge per Mcf <sup>3</sup>			2.4185	2.4185

RATE SCHEDULE DS - DELIVERY  
SERVICE

Administrative Charge per billing period	55.90			55.90
Customer Charge per billing period <sup>2</sup>	583.39			583.39
AMRP Rider – DS only - per billing period <sup>2</sup>	0.00			0.00
Customer Charge - Grandfathered Service only – per billing period	37.50			37.50
AMRP Rider – Grandfathered Service only - per billing period	0.00			0.00
Customer Charge - Intrastate Utility only – per billing period	477.00			477.00
AMRP Rider – Intrastate Utility only - per billing period	0.00			0.00

Delivery Charge per Mcf <sup>2</sup>

First 30,000 Mcf per billing period	0.6177			0.6177
Over 30,000 Mcf per billing period	0.3272			0.3272

Delivery Charge - Grandfathered Service  
only

First 50 Mcf or less per billing period	2.4322			2.4322
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Next 350 Mcf per billing period	2.3851		2.3851
Next 600 Mcf per billing period	2.2990		2.2990
Over 1,000 Mcf per billing period	2.1495		2.1495
<u>Delivery Charge - Intrastate Utility only</u>			
All volumes per billing period	1.0604		1.0604
Banking and Balancing Service		0.0207	0.0207
NGR&D Rider	0.015		0.015

RATE SCHEDULE MLDS - MAINLINE

DELIVERY SERVICE

Administrative Charge	55.90		55.90
Customer Charge per billing period	200.00		200.00
Delivery Charge Per Mcf	0.0858		0.0858
NGR&D Rider	0.015		0.015
Banking and Balancing Service		0.0207	0.0207

IMPACT OF PROPOSED RATES

The foregoing proposed rates designed to recover Columbia's revenue deficiency reflect an increase of approximately 17.75% to Columbia. The estimated amount of increase per customer class is as follows:

Residential	\$11,809,084	19.82%
Commercial	\$4,240,720	15.76%
Industrial	\$476,766	7.90%
Wholesale	\$6,450	8.40%
Other	\$62,453	7.08%

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows:

Residential – based on average usage of 5.5 Mcf	\$7.98	17.1%
Commercial– based on average usage of 25.0 Mcf	\$21.49	12.0%
Industrial– based on average usage of 336.2 Mcf	\$187.37	9.2%
Wholesale– based on average usage of 576.8 Mcf	\$247.99	7.7%

The rates contained in this notice are the rates proposed by Columbia; however, the Public Service Commission may order rates to be charged that differ from the proposed rates

contained in this notice. In addition to the adjustment of rates described above, Columbia is also seeking Public Service Commission approval of the following:

- the implementation of a tariff mechanism, termed Revenue Normalization Adjustment, that would enable Columbia to adjust base rates for Columbia's residential (Rate Schedule GSR and Rate Schedule SVGTS GSR) customer class on a quarterly basis to reconcile the difference in normalized non-gas base rate revenue to account for changes in gas usage per customer caused by factors not adjusted by the existing Weather Normalization Adjustment and modification of the Energy Efficiency and Conservation Rider as this adjustment would substitute for the Revenue from Lost Sales component;
- the revision of the Accelerated Main Replacement Program ("AMRP") Rider to provide for use of a forecasted period and inclusion of property taxes; and
- the continuation of Columbia's pilot CHOICE program for an additional three years.

Any corporation, association, or person may within thirty (30) days after the initial publication of this notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission at the address listed below. The written request must establish the grounds for the request including the status and interest of the party. Intervention may be granted beyond the thirty (30) day period for good cause shown. Written comments regarding the proposed rate may be submitted to the Public Service Commission by mail or through the Public Service Commission's web site shown below.

Any person may examine this filing and any other documents Columbia has filed with the Public Service Commission at Columbia's offices located at the address below, and on Columbia's web site at <http://www.columbiagasky.com/>.

Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
Lexington, Kentucky 40511-1018  
1-800-432-9345

Public Service Commission of Kentucky  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602  
(502) 564-3940

This filing and any other related documents can be found on the Public Service Commission's web site at <http://psc.ky.gov/>.

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<sup>1</sup> Customers taking Small Volume Gas Transportation Service ("SVGTS") are charged the base rate charge and all applicable riders only.

<sup>2</sup> Applicable to all Rate Schedule DS customers except those served under Grandfathered or Intrastate Utility provisions

<sup>3</sup> The Gas Cost Adjustment Commodity includes a revised Gas Cost Uncollectible Charge of \$0.0243 per Mcf.

<sup>4</sup> The tariff mechanism noted above, initially set at zero, is included in the Delivery Charge per Mcf.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 5**

**Description of Filing Requirement:**

Proof of notice. An applicant shall file with the commission no later than forty-five (45) days from the date of the initial filing:

- (a) If its notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice;
- (b) If its notice is published in a trade publication or newsletter going to all customers, an affidavit from an authorized representative of the utility verifying the trade publication or newsletter was mailed; or
- (c) If the notice is mailed, an affidavit from an authorized representative of the utility verifying the notice was mailed.

**Response:**

The customer notification is being published, as required, in the following papers: Lexington Herald-Leader, State-Journal (Frankfort), Ashland Daily Independent, The Ledger-Independent (Maysville), and Floyd County Times. Affidavits verifying publication of the notice will be filed as required.

**Responsible Witness:**

Herbert A. Miller, Jr.

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**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 6**

**Description of Filing Requirement:**

Additional notice requirements: In addition to the notice requirements established in subsection (4) of this section:

- (a) A utility shall post a sample copy of the required notification at its place of business no later than the date on which the application is filed and shall not remove the notification until issuance of a final order from the commission establishing the utility's approved rates; and
- (b) A utility that maintains a public web site shall, within seven (7) days of filing an application, post a copy of the public notice as well as a hyperlink to its filed application on the commission's Web site and shall not remove the notification until issuance of a final order from the commission establishing the utility's approved rates.

**Response:**

Columbia acknowledges these requirements and will comply with them. The location of Columbia's office is below:

Columbia Gas of Kentucky, Inc.  
2001 Mercer Road  
Lexington, Kentucky 40511-1018

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 7**

**Description of Filing Requirement:**

Abbreviated form of notice. Upon written request, the commission may grant a utility permission to use an abbreviated form of published notice of the proposed rates, provided the notice includes a coupon that may be used to obtain all of the required information.

**Response:**

Columbia did not request an abbreviated form of notice.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 8**

**Description of Filing Requirement:**

Notice of hearing scheduled by the commission upon application by a utility for a general adjustment in rates shall be advertised by the utility by newspaper publication in the areas that will be affected in compliance with KRS 424.300.

**Response:**

The notice of hearing will be published as required when the hearing is scheduled by the commission.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirements 9 and 10**

These requirements do not apply to an application supported by a fully forecasted test period.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 11-a**

**Description of Filing Requirement:**

The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.

**Response:**

The financial data for the forecasted period is presented in the form of pro forma adjustments to the base period.

**Responsible Witnesses:**

S. Mark Katko, Panpilas W. Fischer, and Chad E. Notestone



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 11-b**

**Description of Filing Requirement:**

Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.

**Response:**

Forecasted adjustments have been limited to the twelve (12) months immediately following the suspension period.

**Responsible Witnesses:**

S. Mark Katko, Panpilas W. Fischer, and Chad E. Notestone



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 11-c**

**Description of Filing Requirement:**

Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.

**Response:**

Capitalization and net investment rate base are based on a thirteen (13) month average for the forecasted period.

**Responsible Witness:**

Chad E. Notestone



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 11-d**

**Description of Filing Requirement:**

After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.

**Response:**

The company acknowledges this requirement.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 11-e**

**Description of Filing Requirement:**

The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.

**Response:**

The company acknowledges this requirement.

**Responsible Witness:**

Herbert A. Miller, Jr.



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 11-f**

**Description of Filing Requirement:**

The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.

**Response:**

Please refer to the attached.

**Responsible Witness:**

Chad E. Notestone

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Reconciliation of Forecasted Test Period Rate Base to Capital  
Forecasted Test Period Ending December 31, 2014

Line No.	Description	Rate Base 13 mo avg 12/31/2014 (\$000)	Adjustment from 13 mo avg (\$000)	Rate Base 12/31/2014 (\$000)	Rate Making Adjustments (\$000)	Balance Sheet 12/31/2014 (\$000)
1	Gross Plant	356,162	14,175	370,337	(4,121)	366,216
2	CWIP	-	-	-	2,823	2,823
3	Accumulated Depr. & Amort.	(138,959)	(4,402)	(143,361)	1,329	(142,032)
4	Cash Working Capital	4,082	-	4,082	(4,082)	-
5	Materials & Supplies	75	-	75	-	75
6	Prepayments	433	-	433	97	530
7	Storage Gas	38,936	-	38,936	4,723	43,659
8	Deferred Income Taxes and Credits	(57,431)	(1,006)	(58,437)	(1,420)	(59,857)
9	Rate Base	<u>203,298</u>	<u>8,766</u>	<u>212,065</u>	<u>(652)</u>	<u>211,413</u>
10	Assets not in Rate Base					
11	Cash & temporary investments					763
12	Accounts receivable					25,687
13	Deferred gas cost					3,619
14	Other current assets					7,625
15	Deferred assets					2,568
16	Regulatory assets					11,514
17	Other non-current assets					4,218
18	Liabilities not in Rate Base					
19	Current Liabilities					(44,134)
20	Non-current Liabilities					<u>(18,576)</u>
21	Total Capitalization (Includes Short-term Debt)					<u>204,697</u>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12**

**Description of Filing Requirement:**

Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:

**Response:**

Please refer to the following pages for the detailed requirements.

**Responsible Witness:**

None

**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-a**

**Description of Filing Requirement:**

The prepared testimony of each witness the utility proposes to use to support its application, which shall include testimony from the utility's chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program;

**Response:**

Witness testimony is contained in Volume 9 of this filing.

**Responsible Witnesses:**

Herbert A. Miller, Jr.  
Judy M. Cooper  
Eric T. Belle  
William J. Gresham  
Paul R. Moul  
Russell A. Feingold  
S. Mark Katko  
Chad E. Notestone  
John J. Spanos  
Susanne M. Taylor  
Panpilas W. Fischer



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-b**

**Description of Filing Requirement:**

The utility's most recent capital construction budget containing at a minimum a three (3) year forecast of construction expenditures;

**Response:**

Please refer to the attached.

**Responsible Witness:**

Eric T. Belle

Columbia Gas of Kentucky, Inc.  
 Filing Requirement 12-b  
 Most Recent Capital Expenditure Budget  
 (\$000)

Line No.	2013	2014	2015	2016
1 New Business (Growth)	5,090	2,400	2,900	3,700
2 Age & Condition (Replacement)	15,200	13,200	13,200	13,200
3 Mandatory (Public Improvement, Replacement)	2,200	2,850	2,250	1,100
4 Betterment	100	100	100	100
5 Automated Meter Reading	350	7,024	60	60
6 Support Services	1,000	900	900	900
7 Information Technology	685	588	399	786
8 Total	<u>24,625</u>	<u>27,062</u>	<u>19,809</u>	<u>19,846</u>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-c**

**Description of Filing Requirement:**

A complete description, which may be filed in prefiled testimony form, of all factors used in preparing the utility's forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported;

**Response:**

Please refer to the prefiled testimony.

**Responsible Witnesses:**

All



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-d**

**Description of Filing Requirement:**

The utility's annual and monthly budget for the twelve (12) months preceding the filing date, the base period, and forecasted period;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko and Eric T. Belle

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-d  
Income Statement Budget  
(\$000)

Line No.	12 Months Preceding Filing Date	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Total
1	Gas Revenue	3,883	3,829	3,800	3,772	5,918	10,010	19,362	16,929	13,966	10,661	6,637	4,611	103,379
2	Gas Purchase Expense	914	888	855	733	2,029	4,625	11,813	8,584	6,762	4,645	2,316	1,157	45,320
3	Plant Revenue	2,969	2,940	2,945	3,039	3,889	5,385	7,549	8,345	7,204	6,017	4,321	3,454	58,059
4	O&M Expenses	2,626	2,595	2,522	2,713	2,553	2,490	2,665	2,702	2,665	3,869	2,593	2,580	32,573
5	Depreciation & Amortization	543	555	557	560	563	566	570	573	576	579	583	586	6,811
6	Other Taxes	239	261	232	234	232	236	258	257	260	253	253	255	2,969
7	Plant Expenses	3,407	3,411	3,311	3,507	3,348	3,292	3,493	3,532	3,501	4,701	3,429	3,421	42,353
8	Operating Income Before Income Taxes	(438)	(470)	(365)	(467)	541	2,093	4,056	4,813	3,703	1,315	892	33	15,706
9	Income Taxes	(243)	(264)	(238)	(268)	128	743	1,538	1,802	1,385	409	262	(76)	5,178
10	Net Operating income	(195)	(206)	(127)	(199)	413	1,350	2,518	3,011	2,318	906	630	109	10,528
11	Other Income & Deductions	217	208	172	185	204	254	301	286	268	187	221	220	2,723
12	Income Before Interest Expense	22	2	45	(14)	617	1,604	2,819	3,297	2,586	1,093	851	329	13,251
13	Interest Expense	389	402	401	391	402	425	417	448	392	437	421	431	4,956
14	Net Income	(367)	(400)	(356)	(405)	215	1,179	2,402	2,849	2,194	656	430	(102)	8,295

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-d  
Income Statement Budget  
(\$000)

Line No.	Base Period	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Total
1	Gas Revenue	3,772	5,918	10,010	19,362	16,929	13,966	10,661	6,637	4,611	3,743	3,725	3,693	103,027
2	Gas Purchase Expense	733	2,029	4,625	11,813	8,584	6,762	4,645	2,316	1,157	575	614	565	44,417
3	Plant Revenue	3,039	3,889	5,385	7,549	8,345	7,204	6,016	4,321	3,454	3,168	3,111	3,128	58,610
4	O&M Expenses	2,713	2,553	2,490	2,865	2,702	2,665	3,869	2,593	2,580	2,554	2,617	2,642	32,643
5	Depreciation & Amortization	560	563	568	570	573	576	579	583	586	590	618	597	6,961
6	Other Taxes	234	232	238	258	257	260	253	253	255	283	294	259	3,074
7	Plant Expenses	3,507	3,348	3,292	3,493	3,532	3,501	4,701	3,429	3,421	3,427	3,529	3,498	42,678
8	Operating Income Before Income Taxes	(467)	541	2,093	4,056	4,813	3,703	1,315	892	33	(259)	(418)	(370)	15,932
9	Income Taxes	(288)	128	743	1,538	1,802	1,385	409	262	(76)	(230)	(249)	(230)	5,214
10	Net Operating Income	(199)	413	1,350	2,518	3,011	2,318	906	630	109	(29)	(169)	(140)	10,718
11	Other Income & Deductions	185	204	254	301	286	268	187	221	220	86	220	212	2,644
12	Income Before Interest Expense	(14)	617	1,604	2,819	3,297	2,586	1,093	851	329	57	51	72	13,362
13	Interest Expense	391	402	425	417	448	392	437	421	431	400	424	418	5,006
14	Net Income	(405)	215	1,179	2,402	2,849	2,194	656	430	(102)	(343)	(373)	(346)	8,356

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-d  
Income Statement Budget  
(\$000)

Line No.	Forecasted Period	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
1	Gas Revenue	24,996	20,260	10,121	7,414	5,033	3,930	3,908	3,868	4,280	6,338	11,071	19,165	120,384
2	Gas Purchase Expense	16,452	12,915	4,039	3,012	1,491	789	807	757	1,083	2,425	5,680	11,727	61,177
3	Plant Revenue	8,544	7,345	6,082	4,402	3,542	3,141	3,101	3,111	3,197	3,913	5,391	7,438	59,207
4	O&M Expenses	2,744	2,784	2,845	2,780	2,742	2,721	2,798	2,795	2,923	2,693	2,650	2,811	33,286
5	Depreciation & Amortization	641	641	641	641	641	641	641	641	641	640	640	640	7,689
6	Other Taxes	295	295	281	284	282	289	309	282	284	281	289	305	3,476
7	Plant Expenses	3,680	3,720	3,767	3,705	3,665	3,651	3,748	3,718	3,848	3,614	3,579	3,756	44,451
8	Operating Income Before Income Taxes	4,864	3,625	2,315	697	(123)	(510)	(647)	(607)	(651)	299	1,812	3,682	14,756
9	Income Taxes	1,809	1,326	784	173	(155)	(301)	(355)	(339)	(346)	21	628	1,359	4,604
10	Net Operating Income	3,055	2,299	1,531	524	32	(209)	(292)	(268)	(305)	278	1,184	2,323	10,152
11	Other Income & Deductions	259	219	181	213	204	204	209	204	218	230	269	285	2,695
12	Income Before Interest Expense	3,314	2,518	1,712	737	236	(5)	(83)	(64)	(87)	508	1,453	2,608	12,847
13	Interest Expense	455	418	462	448	463	451	457	450	440	456	449	456	5,405
14	Net Income	2,859	2,100	1,250	289	(227)	(456)	(540)	(514)	(527)	52	1,004	2,152	7,442

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-d  
Capital Expenditure Budget by Major Category  
(\$000)

Line  
No.

1	12 Months Preceding Filing Date	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Total
2	New Business (Growth)	74	100	92	69	176	222	251	375	308	281	507	725	3,181
3	Age & Condition (Replacement)	1,024	848	739	770	809	798	1,241	830	941	1,040	1,558	1,699	12,298
4	Mandatory (Public Improvement, Replacement)	34	162	89	(11)	101	59	202	135	161	174	182	292	1,561
5	Betterment	102	21	(66)	176	(18)	145	(55)	13	19	10	26	(17)	356
8	Automated Meter Reading	1	1	1	1	1	1	287	0	0	0	0	58	350
7	Support Services	8	15	5	8	5	15	121	44	44	44	50	60	419
8	Information Technology	41	44	29	59	28	43	206	68	68	68	70	68	793
9	Total	1,285	1,190	889	1,070	1,103	1,282	2,254	1,465	1,543	1,619	2,394	2,884	18,976
10	Base Period	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Total
11	New Business (Growth)	69	176	222	251	375	308	281	507	725	683	722	625	4,944
12	Age & Condition (Replacement)	770	809	798	1,241	830	941	1,040	1,558	1,699	1,666	1,669	1,656	14,699
13	Mandatory (Public Improvement, Replacement)	(11)	101	59	202	135	161	174	182	292	287	289	230	2,102
14	Betterment	176	(18)	145	(55)	13	19	10	26	(17)	(13)	(21)	(29)	236
15	Automated Meter Reading	1	1	1	267	0	0	0	0	56	1	1	1	350
16	Support Services	8	5	15	121	44	44	44	50	60	160	160	160	869
17	Information Technology	59	28	43	206	68	68	68	70	68	68	66	47	858
18	Total	1,070	1,103	1,282	2,254	1,465	1,543	1,619	2,394	2,884	2,852	2,906	2,689	24,059
19	Forecasted Period	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
20	New Business (Growth)	166	169	142	179	250	167	193	185	161	256	300	232	2,400
21	Age & Condition (Replacement)	1,117	1,029	1,128	1,203	1,001	1,246	1,098	958	984	1,015	1,005	1,417	13,200
22	Mandatory (Public Improvement, Replacement)	86	171	44	209	194	34	542	207	137	265	153	606	2,650
23	Betterment	10	12	9	14	7	9	6	4	11	5	10	4	100
24	Automated Meter Reading	12	12	3,000	444	444	444	444	444	444	444	444	444	7,024
25	Support Services	20	31	75	71	117	101	27	68	97	67	30	195	900
26	Information Technology	62	62	62	62	62	62	62	31	31	31	31	31	588
27	Total	1,471	1,486	4,459	2,181	2,076	2,063	2,373	1,899	1,865	2,084	1,974	3,131	27,062



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-e**

**Description of Filing Requirement:**

A statement of attestation signed by the utility's chief officer in charge of Kentucky operations, which shall provide:

1. That the forecast is reasonable, reliable, made in good faith, and that all basic assumptions used in the forecast have been identified and justified;
2. That the forecast contains the same assumptions and methodologies as used in the forecast prepared for use by management, or an identification and explanation for differences that exist, if applicable; and
3. That productivity and efficiency gains are included in the forecast;

**Response:**

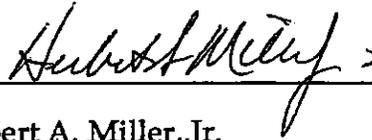
Please refer to the attached.

**Responsible Witness:**

Herbert A. Miller, Jr.

**STATEMENT OF ATTESTATION OF THE OFFICER IN CHARGE OF  
KENTUCKY OPERATIONS**

1. The forecast presented in this rate application is reasonable, reliable, and made in good faith, and all basic assumptions used in the forecast have been identified and justified; and
2. The forecast contains the same assumptions and methodologies as used in the forecast period for use by management, and any differences that exist have been identified and explained; and
3. All productivity gains have been included in the forecast.



Herbert A. Miller, Jr.

President, Columbia Gas of Kentucky

SUBSCRIBED, ACKNOWLEDGED AND SWORN to before me by

Herbert A. Miller Jr. on this the 23<sup>rd</sup> day of May, 2013.



Notary Public #1 419232

My Commission expires: 5/15/2014



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-f**

**Description of Filing Requirement:**

For each major construction project that constitutes five (5) percent or more of the annual construction budget within the three (3) year forecast, the following information shall be filed:

1. The date the project was started or estimated starting date;
2. The estimated completion date;
3. The total estimated cost of construction by year exclusive and inclusive of allowance for funds used during construction ("AFUDC") or interest during construction credit; and
4. The most recent available total costs incurred exclusive and inclusive of AFUDC or interest during construction credit;

**Response:**

Please refer to the attached.

**Responsible Witness:**

Eric T. Belle

Columbia Gas of Kentucky, Inc.  
Filing Requirements 12-f  
Most Recent Capital Expenditure Budget  
(\$000)

Estimated Start Date	Estimated End Date	Class Category	Project Name	Estimate Inclusive of AFUDC			
				Annual 2013	Annual 2014	Annual 2015	Annual 2016
<u>Total Projects &gt; 5% of Annual Construction</u>							
2/15/2013	12/1/2013	Age & Condition (Replacement)	Euclid Avenue Replacement	1,686			
5/1/2013	12/1/2013	Mandatory (Public Improvement, Replacement)	Leestown Road Relocation	1,650			
1/1/2013	12/31/2014	Automated Meter Reading	Automatic Meter Reading Program	350	7,024	60	
<u>Total</u>				<u>3,686</u>	<u>7,024</u>	<u>60</u>	<u>-</u>

				Estimate Exclusive of AFUDC			
				Annual 2013	Annual 2014	Annual 2015	Annual 2016
<u>Total Projects &gt; 5% of Annual Construction</u>							
2/15/2013	12/1/2013	Age & Condition (Replacement)	Euclid Avenue Replacement	1,620	-	-	-
5/1/2013	12/1/2013	Mandatory (Public Improvement, Replacement)	Leestown Road Relocation	1,585	-	-	-
1/1/2013	12/31/2014	Automated Meter Reading	Automatic Meter Reading Program	320	6,741	59	-
<u>Total</u>				<u>3,525</u>	<u>6,741</u>	<u>59</u>	<u>-</u>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-g**

**Description of Filing Requirement:**

For all construction projects that constitute less than five (5) percent of the annual construction budget within the three (3) year forecast, the utility shall file an aggregate of the information requested in paragraph (f)3 and 4 of this subsection;

**Response:**

Please refer to the attached.

**Responsible Witness:**

Eric T. Belle

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-g  
Most Recent Capital Expenditure Budget  
(\$000)

Class Category	Project Name	Estimate Inclusive of AFUDC			
		Annual 2013	Annual 2014	Annual 2015	Annual 2016
<u>Total Projects &lt; 5% of Annual Construction</u>					
	New Business (Growth)	5,090	2,400	2,900	3,700
	Age & Condition (Replacement)	13,514	13,200	13,200	13,200
	Mandatory (Public Improvement, Replacement)	550	2,850	2,250	1,100
	Betterment	100	100	100	100
	Automated Meter Reading	0	0	0	60
	Support Services	1,000	900	900	900
	Information Technology	685	588	399	786
	<b>Total</b>	<b>20,939</b>	<b>20,038</b>	<b>19,749</b>	<b>19,846</b>

	Project Name	Estimate Exclusive of AFUDC			
		Annual 2013	Annual 2014	Annual 2015	Annual 2016
<u>Total Projects &lt; 5% of Annual Construction</u>					
	New Business (Growth)	5,051	2,384	2,881	3,676
	Age & Condition (Replacement)	13,426	13,114	13,114	13,114
	Mandatory (Public Improvement, Replacement)	547	2,831	2,235	1,093
	Betterment	100	99	99	99
	Automated Meter Reading	0	0	0	59
	Support Services	994	894	894	894
	Information Technology	661	568	368	781
	<b>Total</b>	<b>20,780</b>	<b>19,891</b>	<b>19,591</b>	<b>19,715</b>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h**

**Description of Filing Requirement:**

A financial forecast corresponding to each of the three (3) forecasted years included in the capital construction budget. The financial forecast shall be supported by the underlying assumptions made in projecting the results of operations and shall include the following information:

1. Operating income statement (exclusive of dividends per share or earnings per share);
2. Balance sheet;
3. Statement of cash flows;
4. Revenue requirements necessary to support the forecasted rate of return;
5. Load forecast including energy and demand (electric);
6. Access line forecast (telephone);
7. Mix of generation (electric);
8. Mix of gas supply (gas);
9. Employee level;
10. Labor cost changes;
11. Capital structure requirements;
12. Rate base;
13. Gallons of water projected to be sold (water);
14. Customer forecast (gas, water);
15. Sales volume forecasts – cubic feet (gas);
16. Toll and access forecast of number of calls and number of minutes (telephone); and
17. A detailed explanation of other information provided, if applicable

**Response:**

Please refer to the following pages for the detailed requirements.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-1**

**Description of Filing Requirement:**

Operating income statement (exclusive of dividends per share or earnings per share);

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Forecasted Income Statement Summary  
Calendar Years 2013 - 2016

Line No.	<u>Description</u>	<u>2013</u> (000)	<u>2014</u> (000)	<u>2015</u> (000)	<u>2016</u> (000)
1	Gas Revenue	\$ 113,570	\$ 120,384	\$ 119,740	\$ 121,741
2	Gas Purchase Expense	<u>54,428</u>	<u>61,177</u>	<u>61,130</u>	<u>63,467</u>
3	Plant Revenue	59,142	59,207	58,610	58,274
4	O&M Expenses	32,955	33,286	32,175	32,273
5	Depreciation	7,126	7,689	8,202	8,648
6	Other Taxes	<u>3,165</u>	<u>3,476</u>	<u>3,851</u>	<u>4,131</u>
7	Plant Expenses	43,246	44,451	44,228	45,052
8	Operating Income Before Taxes	15,896	14,756	14,382	13,222
9	Income Taxes	<u>5,120</u>	<u>4,604</u>	<u>4,381</u>	<u>3,791</u>
10	Net Operating Income	10,776	10,152	10,001	9,431
11	Other Income	2,672	2,695	2,631	2,697
12	Income Before Interest	13,448	12,847	12,632	12,128
13	Interest Expense	<u>5,143</u>	<u>5,405</u>	<u>5,553</u>	<u>6,015</u>
14	Net Income from Subsidiaries	8	-	-	-
15	Net Income	<u>\$ 8,313</u>	<u>\$ 7,442</u>	<u>\$ 7,079</u>	<u>\$ 6,113</u>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-2**

**Description of Filing Requirement:**

Balance sheet;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Forecasted Balance Sheets  
Calendar Years 2013 - 2016

Line No.	<u>Description</u>	<u>2013</u> (000)	<u>2014</u> (000)	<u>2015</u> (000)	<u>2016</u> (000)
<b><u>Assets</u></b>					
1	Property, Plant and Equipment	\$ 343,895	\$ 369,039	\$ 386,929	\$ 404,856
2	Accumulated Depreciation	<u>(136,261)</u>	<u>(142,032)</u>	<u>(148,315)</u>	<u>(155,044)</u>
3	Net Plant	207,634	227,007	238,614	249,812
4	Investment in Subsidiaries	440	440	440	440
5	Current Assets	86,415	81,957	83,818	83,090
6	Deferred Assets	8,509	7,498	7,347	7,709
7	Regulatory Assets	12,753	11,514	10,901	10,476
8	Other Non-current Assets	<u>3,830</u>	<u>3,778</u>	<u>3,778</u>	<u>3,778</u>
9	Total Other Assets	111,947	105,187	106,284	105,493
10	Total Assets	<u>\$ 319,581</u>	<u>\$ 332,194</u>	<u>\$ 344,898</u>	<u>\$ 355,305</u>
<b><u>Capitalization and Liabilities</u></b>					
11	Common Stock	\$ 23,806	\$ 23,806	\$ 23,806	\$ 23,806
12	Additional Paid-in Capital	5,583	5,583	5,583	5,583
13	Retained Earnings	<u>69,776</u>	<u>77,218</u>	<u>83,296</u>	<u>78,408</u>
14	Total Equity	99,165	106,607	112,685	107,797
15	Short-term Debt	1,110	1,755	5,467	12,922
16	Long-term Debt	<u>94,335</u>	<u>96,335</u>	<u>85,585</u>	<u>98,375</u>
17	Total Debt	95,445	98,090	91,052	111,297
18	Total Capitalization	194,610	204,697	203,737	219,094
19	Current Liabilities	44,574	44,134	56,219	49,795
20	Non-current Liabilities	<u>80,397</u>	<u>83,363</u>	<u>84,942</u>	<u>86,416</u>
21	Total Liabilities	124,971	127,497	141,161	136,211
22	Total Capitalization and Liabilities	<u>\$ 319,581</u>	<u>\$ 332,194</u>	<u>\$ 344,898</u>	<u>\$ 355,305</u>
	<i>Assets less Capitalization &amp; Liabilities</i>	-	-	-	-



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 12-h-3**

**Description of Filing Requirement:**

Statement of cash flows;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Forecasted Statements of Cash Flow  
Calendar Years 2013 - 2016

Line No.	<u>Description</u>	<u>2013</u> (000)	<u>2014</u> (000)	<u>2015</u> (000)	<u>2016</u> (000)
<b>1</b>	<b>Cash Flow from Operations</b>				
2	Net Income	\$ 8,308	\$ 7,442	\$ 7,078	\$ 6,112
3	Income from Subsidiaries	(8)	-	-	-
4	Depreciation	7,126	7,689	8,202	8,648
5	AFUDC	(7)	-	-	-
6	Cash flow from operations	<u>15,419</u>	<u>15,131</u>	<u>15,280</u>	<u>14,760</u>
7	Change in Deferred Assets	(1,553)	1,011	151	(362)
8	Change in Regulatory Assets	2,804	1,239	613	425
9	Change in Other Non-current Assets	(601)	52	-	-
10	Change in Non-current Liabilities	5,372	2,966	1,579	1,474
11	Change in Current Assets	(19,191)	4,458	(1,861)	728
12	Change in Current Liabilities	<u>(16,720)</u>	<u>(439)</u>	<u>1,334</u>	<u>116</u>
13	Total from Balance Sheet Accounts	(29,889)	9,287	1,816	2,381
<b>12</b>	<b>Net Cash from Operations</b>	(14,470)	24,418	17,096	17,141
<b>13</b>	<b>Cash Flow from Investing Activities</b>				
14	Net Capital Expenditures	(24,625)	(27,062)	(19,808)	(19,846)
15	Total Cash from Investing	(24,625)	(27,062)	(19,808)	(19,846)
<b>16</b>	<b>Cash from Financing Activity</b>				
17	Net Financing Activity	39,087	2,644	2,712	2,705
18	Total Cash from Financing	39,087	2,644	2,712	2,705
19	Total Increase/(Decrease) in Cash	(8)	-	-	-
20	Beginning Cash	1,510	1,502	1,502	1,502
21	Ending Cash	<u>\$ 1,502</u>	<u>\$ 1,502</u>	<u>\$ 1,502</u>	<u>\$ 1,502</u>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-4**

**Description of Filing Requirement:**

Revenue requirements necessary to support the forecasted rate of return;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Revenue Requirements Necessary to Support the Forecasted Rate of Return  
For the Twelve Months Ended December 31, 201X

<u>Line No.</u>	<u>Description</u>	<u>2013</u> (000)	<u>2014</u> (000)	<u>2015</u> (000)	<u>2016</u> (000)
1	13 Month Average Rate Base	\$ 185,543	\$ 203,298	\$ 210,750	\$ 218,939
2	Operating Income	\$ 7,749	\$ 7,399	\$ 7,240	\$ 6,604
3	Earned Rate of Return	4.18%	3.64%	3.44%	3.02%
4	Required Rate of Return	8.75%	8.59%	8.59%	8.59%
5	Required Operating Income (1 x 4)	\$ 16,237	\$ 17,463	\$ 18,103	\$ 18,807
6	Operating Income Deficiency (5 - 2)	\$ 8,488	\$ 10,064	\$ 10,864	\$ 12,203
7	Gross Revenue Conversion Factor	1.648935	1.648935	1.648935	1.648935
8	Revenue Deficiency (6 x 7)	\$ 13,997	\$ 16,596	\$ 17,914	\$ 20,122
9	Operating Revenues	\$ 86,334	\$ 93,148	\$ 92,504	\$ 94,505
10	Revenue Requirements (8 + 9)	\$ 100,331	\$ 109,744	\$ 110,418	\$ 114,627



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 12-h-5**

**Description of Filing Requirement:**

Load forecast including energy and demand (electric);

**Response:**

Not applicable to a gas utility.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-6**

**Description of Filing Requirement:**

Access line forecast (telephone);

**Response:**

Not applicable to a gas utility.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 12-h-7**

**Description of Filing Requirement:**

Mix of generation (electric);

**Response:**

Not applicable to a gas utility.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-8**

**Description of Filing Requirement:**

Mix of gas supply (gas);

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Mix of Gas Supply  
Calendar Years 2013 - 2016 Forecasted

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>2013</u> (000)	<u>2014</u> (000)	<u>2015</u> (000)	<u>2016</u> (000)
	<b><u>Sales Volumes (Mcf)</u></b>				
1	Local Purchases	394	394	394	394
2	Flowing Supply	9,009	8,852	8,772	8,637
3	Storage	<u>26</u>	<u>69</u>	<u>1</u>	<u>26</u>
4	Total Gas Supply	9,429	9,315	9,167	9,057



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-9**

**Description of Filing Requirement:**

Employee level;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-h-9  
Employee Level

<u>Line No.</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1 Year End	131	131	131	131
2 Average	128	131	131	131



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-10**

**Description of Filing Requirement:**

Labor cost changes;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Columbia Gas of Kentucky, Inc.  
Filing Requirement 12-h-10  
Labor Cost Changes

<u>Line No.</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1 Net Labor Expense	\$ 7,241,268	\$ 7,554,394	\$ 7,778,071	\$ 8,011,120
2 Annual Change		\$ 313,126	\$ 223,677	\$ 233,049
3 Percent Change		4.3%	3.0%	3.0%



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-11**

**Description of Filing Requirement:**

Capital structure requirements;

**Response:**

Please refer to the attached.

**Responsible Witness:**

Paul R. Moul

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Capital Structure Requirements  
Thirteen Month Average Balances Ending December 31, 201X

Line No.	<u>Description</u>	<u>2013</u> (\$000)	<u>2014</u> (\$000)	<u>2015</u> (\$000)	<u>2016</u> (\$000)
1	Short-Term Debt	1,436	552	1,226	3,037
2	Long-Term Debt	<u>88,006</u>	<u>94,643</u>	<u>96,335</u>	<u>102,104</u>
3	Total Debt	89,442	95,195	97,561	105,141
4	Common Stock	23,806	23,806	23,806	23,806
5	Retained Earnings	66,759	74,693	81,772	83,208
6	Additional Paid-in Capital	<u>5,583</u>	<u>5,583</u>	<u>5,583</u>	<u>5,583</u>
7	Total Equity	96,148	104,082	111,161	112,597
8	Total Capitalization	185,590	199,277	208,722	217,738
9	Total Debt %	48.19%	47.77%	46.74%	48.29%
10	Total Equity %	<u>51.81%</u>	<u>52.23%</u>	<u>53.26%</u>	<u>51.71%</u>
11	Total	100.00%	100.00%	100.00%	100.00%



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-12**

**Description of Filing Requirement:**

Rate base;

**Response:**

Please refer to the attached.

**Responsible Witness:**

Chad E. Notestone

Columbia Gas of Kentucky, Inc.  
Case No. 2013-00167  
Forecasted Jurisdictional Rate Base  
Thirteen Month Average Rate Base Ending December 31, 201X

Line No.	<u>Description</u>	<u>2013</u> (000)	<u>2014</u> (000)	<u>2015</u> (000)	<u>2016</u> (000)
1	Property, Plant and Equipment	\$ 331,708	\$ 358,934	\$ 376,933	\$ 394,624
2	Accumulated Depreciation and Amortization	(133,390)	(138,959)	(145,291)	(151,798)
3	Construction Work in Progress	<u>(2,772)</u>	<u>(2,772)</u>	<u>(2,772)</u>	<u>(2,772)</u>
4	Net Plant in Service (Line 1 through Line 3)	195,545	217,203	228,870	240,054
5	Cash Working Capital	4,119	4,082	4,022	4,034
6	Other Working Capital Items (13 mo avg):				
7	Gas Stored Underground	37,752	38,936	38,761	38,668
8	Materials and Supplies	75	75	75	75
9	Prepayments	433	433	433	433
10	Deferred Income Taxes	<u>(52,381)</u>	<u>(57,431)</u>	<u>(61,412)</u>	<u>(64,325)</u>
11	Rate Base (Line 4 through Line 10)	<u>\$ 185,543</u>	<u>\$ 203,298</u>	<u>\$ 210,750</u>	<u>\$ 218,939</u>



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-13**

**Description of Filing Requirement:**

Gallons of water projected to be sold (water);

**Response:**

Not applicable to a gas utility.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-14**

**Description of Filing Requirement:**

Customer forecast (gas, water);

**Response:**

Please refer to the attached.

**Responsible Witness:**

William J. Gresham

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2013-00167  
CUSTOMER FORECAST  
FOR CALENDAR YEARS 2013, 2014, 2015 AND 2016

DATA:  BASE PERIOD  FORECASTED PERIOD  
TYPE OF FILING:  ORIGINAL  UPDATED

FR 12-h-14  
Witness: W. J. Gresham

LINE NO.	DESCRIPTION	<u>PROJECT CALENDAR YEARS [2]</u>			
		2013	2014	2015	2016
1	SALES CUSTOMERS BY CLASS				
2	RESIDENTIAL	92,675	92,237	91,905	91,551
3	COMMERCIAL [1]	9,607	9,542	9,500	9,459
4	INDUSTRIAL [1]	99	99	99	99
5	PUBLIC UTILITIES	2	2	2	2
6	OTHER	-	-	-	-
7	TOTAL SALES CUSTOMERS	102,383	101,880	101,506	101,111
8	TRANSPORTATION CUSTOMERS BY CLASS				
9	RESIDENTIAL	26,606	26,481	26,385	26,284
10	COMMERCIAL	4,230	4,202	4,183	4,165
11	INDUSTRIAL	76	76	76	76
12	TOTAL TRANSPORTATION CUSTOMERS	30,912	30,759	30,644	30,525
13	TOTAL CUSTOMERS	133,295	132,639	132,150	131,636

[1] Customer class includes fallback schedule for transportation customers.  
[2] Projected customer counts are at year end.



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 12-h-15**

**Description of Filing Requirement:**

Sales volume forecasts – cubic feet (gas);

**Response:**

Please refer to the attached.

**Responsible Witness:**

William J. Gresham

COLUMBIA GAS OF KENTUCKY, INC.  
CASE NO. 2013-00167  
SALES VOLUME FORECASTS - CUBIC FEET (GAS)  
FOR CALENDAR YEARS 2013, 2014, 2015 AND 2016

DATA:  BASE PERIOD  FORECASTED PERIOD  
TYPE OF FILING:  ORIGINAL  UPDATED

FR 12-h-15  
Witness: W. J. Gresham

LINE NO.	DESCRIPTION	PROJECT CALENDAR YEARS [1]			
		2013	2014	2015	2016
1	SALES VOLUMES BY CLASS				
2	RESIDENTIAL	63,090,000	62,140,000	61,220,000	60,400,000
3	COMMERCIAL	28,930,000	28,570,000	28,030,000	27,760,000
4	INDUSTRIAL	1,400,000	1,400,000	1,400,000	1,400,000
5	PUBLIC UTILITIES	-	-	-	-
6	OTHER	-	-	-	-
7	TOTAL SALES CUSTOMERS	93,420,000	92,110,000	90,650,000	89,560,000
8	TRANSPORTATION VOLUMES BY CLASS				
9	RESIDENTIAL	19,610,000	19,320,000	19,060,000	18,790,000
10	COMMERCIAL	44,090,000	44,210,000	44,940,000	44,830,000
11	INDUSTRIAL	154,060,000	147,990,000	154,250,000	154,250,000
12	TOTAL TRANSPORTATION CUSTOMERS	217,760,000	211,520,000	218,250,000	217,870,000
13	TOTAL THROUGHPUT	311,200,000	303,630,000	308,900,000	307,430,000

[1] Forecasted throughput does not include unbilled volumes.



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-16**

**Description of Filing Requirement:**

Toll and access forecast of number of calls and number of minutes (telephone); and

**Response:**

Not applicable to a gas utility.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-h-17**

**Description of Filing Requirement:**

A detailed explanation of other information provided, if applicable

**Response:**

Not applicable.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-i**

**Description of Filing Requirement:**

The most recent Federal Energy Regulatory Commission or Federal Communications Commission audit reports;

**Response:**

Columbia Gas of Kentucky, Inc. is not audited by the Federal Energy Regulatory Commission.

**Responsible Witness:**

None



**Columbia Gas of Kentucky, Inc.  
CASE NO. 2013-00167  
Forecasted Test Period Filing Requirements  
Filing Requirement 12-j**

**Description of Filing Requirement:**

The prospectuses of the most recent stock or bond offerings;

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

**CALCULATION OF REGISTRATION FEE**

<b>Title of Shares To Be Registered</b>	<b>Amount to Be Registered(1)</b>	<b>Proposed Maximum Offering Price Per Security</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(2)</b>
Common Stock (par value \$0.01 per share)	24,265,000	\$16.50	\$400,372,500	\$28,547

(1) Includes up to 3,165,000 shares that may be issued upon exercise of the underwriters' over-allotment option.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

**Prospectus Supplement**

**September 8, 2010**

(To Prospectus dated December 21, 2007)

21,100,000 shares

**NiSource**

**NiSource Inc.**

**Common Stock**

In connection with the forward sale agreement that we have entered into with an affiliate of Credit Suisse Securities (USA) LLC, which affiliate we refer to as the forward purchaser, Credit Suisse Securities (USA) LLC, acting as agent for the forward purchaser, which we refer to in such agency capacity as the forward seller, is at our request borrowing from third parties and selling to underwriters 21,100,000 shares of our common stock. If the forward purchaser determines, in its commercially reasonable judgment, that the forward seller is unable to borrow and deliver for sale on the anticipated closing dates the number of shares of our common stock to which the forward sale agreement relates, or if the forward purchaser determines, in its commercially reasonable judgment, that it is either impracticable to do so or that the forward seller is unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing dates the number of shares of our common stock to which the forward sales agreement relates, we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward seller does not borrow and sell.

We will not initially receive any proceeds from the sale of the shares of our common stock offered hereby, except in certain circumstances described in this prospectus supplement. Although we expect to physically settle the forward sale agreement entirely by delivering shares of our common stock in exchange for cash proceeds on dates specified by us within approximately two years after the date of this prospectus supplement, we may elect cash or net share settlement for all or a portion of our obligations under the forward sale agreement if we conclude it is in our best interest to do so. See "Underwriting — Forward Sale Agreement" for a description of the forward sale agreement.

Our common stock is listed on the New York Stock Exchange under the symbol "NI". The last reported sale price of our common stock on the New York Stock Exchange on September 8, 2010 was \$16.93.

**Investing in our common stock involves risks. See "Risk Factors" on page S-5 of this prospectus supplement and "Risk Factors" beginning on page 9 of the Annual Report on Form 10-K for the year ended December 31, 2009 and beginning on page 79 of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.**

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$16.5000	\$348,150,000
Underwriting discount	\$ .5362	\$ 11,313,820
Proceeds, before expenses, to us(1)	\$15.9638	\$336,836,180

(1) Depending on the price of our common stock at the time of each settlement of the forward sale agreement and the relevant settlement method, we may receive proceeds upon settlement of the forward sale agreement, which settlements must occur no later than approximately two years after the date of this prospectus supplement. For the purposes of calculating the aggregate net proceeds to us, we have assumed that the forward sale agreement is physically settled based on the initial forward sale price of \$15.9638 per share. The forward sale price is subject to adjustment pursuant to the forward sale agreement, and the actual proceeds, if any, will be calculated as described in this prospectus supplement.

We have granted the underwriters an option to purchase from us directly up to an additional 3,165,000 shares of common stock to cover over-allotments (representing 15% of the aggregate shares of our common stock offered hereby). If such option is exercised, we will enter into an additional forward sale agreement with the forward purchaser in respect of the number of shares that are subject to the exercise of the underwriters' over-allotment option. In such event, if the forward purchaser determines, in its commercially reasonable judgment, that the forward seller is unable to borrow and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, or if the forward purchaser determines, in its commercially reasonable judgment, that it is either impracticable to do so or that the forward seller is unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward seller does not borrow and sell.

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The underwriters are offering the shares of our common stock as set forth under "Underwriting." The underwriters expect to deliver the shares of common stock in book-entry form only through the facilities of The Depository Trust Company against payment on or about September 14, 2010.

*Joint Book-Running Managers*

**Credit Suisse**

**Barclays Capital**

**Citi**

**J.P. Morgan**

*Senior Co-Managers*

**BofA Merrill Lynch**

**Wells Fargo Securities**

*Co-Managers*

**BNP PARIBAS**

**Deutsche Bank Securities**

**KeyBanc Capital Markets**

**Mizuho Securities USA Inc.**

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### ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this 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 prospectus supplement or to which we have referred you. We have not authorized anyone to provide you with different information. This prospectus supplement may only be used where it is legal to sell these securities. The information in this prospectus supplement may only be accurate on the date of this prospectus supplement.

### INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information into this prospectus supplement and the accompanying prospectus. 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 supplement and the accompanying prospectus. 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 supplement and the accompanying prospectus 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 year ended December 31, 2009;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010;
- our Current Reports on Form 8-K filed on January 28, 2010, February 19, 2010, February 26, 2010, May 14, 2010 and August 26, 2010; 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, as amended, until we sell all of the securities offered by this 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.

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## SUMMARY

*This summary highlights certain information appearing elsewhere in this prospectus supplement. This summary is not complete and does not contain all of the information that you should consider before purchasing our common stock. We urge you to read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including the historical financial statements and notes to those financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the "Risk Factors" section on page S-5 of this prospectus supplement and the "Risk Factors" and "Note Regarding Forward-Looking Statements" sections in our Annual Report on Form 10-K for the year ended December 31, 2009 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2010 for more information about important risks that you should consider before investing in our common stock. Unless the context requires otherwise, references to "NiSource" refer to NiSource Inc. and "we," "us" or "our" refer collectively to NiSource and its subsidiaries.*

### NiSource Inc.

*Overview.* NiSource is an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage 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 Massachusetts. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

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

*Strategy.* We have established four key initiatives to build a platform for long-term, sustainable growth: commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and process and expense management.

*Gas Distribution Operations.* Our natural gas distribution operations serve more than 3.3 million customers in seven states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 792 thousand 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 subsidiary Bay State Gas Company distributes natural gas to approximately 294 thousand customers in Massachusetts.

*Gas Transmission and Storage.* Our gas transmission and storage subsidiaries own and operate approximately 15 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 639 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission LLC, Columbia Gulf Transmission Company and Crossroads Pipeline Company, we own and operate an interstate pipeline network extending from the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 16 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia.

*Electric Operations.* Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 457 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company

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owns four and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,574 megawatts. Northern Indiana Public Service Company also operates Sugar Creek, a combined cycle gas turbine plant with a 535 megawatt capability rating, four gas-fired generating units located at Northern Indiana's coal fired electric generating stations with a net capability of 203 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts. These facilities provide for a total system operating net capability of 3,322 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,792 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2009, Northern Indiana Public Service Company generated 85.2% and purchased 14.8% of its electric requirements.

Our executive offices are located at 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

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<b>The Offering</b>	
Issuer	NiSource Inc., a Delaware corporation
Common Stock Offered	21,100,000 shares(1)
Common Stock to be Outstanding Immediately After the Offering	278,196,027 shares(2)
Common Stock to be Outstanding After the Final Settlement of the Forward Sale Agreement, Assuming Physical Settlement	299,296,027 shares(3)
Use of Proceeds	<p>We will not initially receive any proceeds from the sale of the shares of our common stock pursuant to this prospectus supplement, unless an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward seller selling our common stock to the underwriters. Depending on the price of our common stock at the time of each settlement of the forward sale agreement and the relevant settlement method, we may receive proceeds upon settlement of the forward sale agreement, which settlements must occur within approximately two years after the date of this prospectus supplement.</p> <p>Assuming that the forward sale agreement is physically settled in whole at the initial forward sale price of \$15.9638 and the underwriters do not exercise their over-allotment option, we would receive aggregate proceeds of approximately \$336.8 million, net of the underwriting discount but before estimated expenses, upon settlement of the forward sale agreement. The forward sale price is subject to adjustment pursuant to the forward sale agreement, and the actual proceeds, if any, will be calculated as described in this prospectus supplement. See “Underwriting — Forward Sale Agreement” for a description of the forward sale agreement.</p> <p>We intend to use any net proceeds that we receive upon settlement of the forward sale agreement for general corporate purposes, including the funding of our infrastructure investment growth opportunities.</p> <p>In addition, if an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward seller selling our common stock to the underwriters, then we intend to use the net proceeds we receive from such sale for the same purposes. See “Use of Proceeds.”</p>
Listing	Our common stock is listed on the New York Stock Exchange under the symbol “NI.”
Dividend Policy	We expect to pay dividends on our common stock in amounts determined from time to time by our board of directors. Future dividend levels will depend on the earnings of NiSource’s subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the board. See “Price Range of Common Stock and Dividend Policy” for a discussion of certain regulatory restrictions applicable to our receipt of dividends from our subsidiaries.

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### Risk Factors

An investment in our common stock involves various risks, and prospective investors should carefully consider the matters discussed under the caption entitled "Risk Factors" beginning on page S-5 of this prospectus supplement and under the caption entitled "Risk Factors" beginning on page 9 of the Annual Report on Form 10-K for the year ended December 31, 2009 and beginning on page 79 of the Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

### Accounting Treatment

Before settlement of the forward sale agreement, the forward sale agreement will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of the forward sale agreement over the number of shares that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon settlement (based on the adjusted forward sale price). Consequently, prior to physical settlement or net share settlement of the forward sale agreement and subject to the occurrence of certain events, we anticipate there will be no dilutive effect on our earnings per share except during periods when the applicable average market price of our common stock is above the per share adjusted forward sale price, which is initially \$15.9638 (which is the public offering price less the underwriting discount shown on the cover page of this prospectus supplement), and is subject to adjustment based on the federal funds rate less a spread, subject to decrease on each of certain dates specified in the forward sale agreement and subject to adjustment upon the occurrence of certain events pursuant to the forward sale agreement. However, if we decide to physically settle or net share settle the forward sale agreement, any delivery of our shares on physical or net share settlement of the forward sale agreement will result in dilution to our earnings per share and return on average common equity.

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- (1) This amount does not include up to 3,165,000 shares that may be purchased to cover over-allotments.
  - (2) This amount is based on the total number of shares of our common stock that was outstanding on August 31, 2010. In calculating that number of shares, we did not take into account shares reserved for future issuance upon conversion of outstanding stock options or upon satisfaction of performance targets under outstanding equity compensation awards or other stock compensation plans. For more information, see "Underwriting" below.
  - (3) The forward purchaser has advised us that the forward seller intends to acquire shares of our common stock to be sold under this prospectus supplement through borrowings from stock lenders. Unless otherwise specified in this prospectus supplement, we assume that we will not be required to issue to the underwriters shares of our common stock that are the subject of this offering. If the forward seller is unable to borrow, or unable to borrow at a cost not greater than a specified threshold, all or a portion of the shares of common stock that are the subject of this offering, we will issue and sell for cash to the underwriters a number of shares equal to the number of shares that the forward seller does not borrow and sell. See "Underwriting — Forward Sale Agreement" for a description of the forward sale agreement.

## RISK FACTORS

*Investing in our common stock involves risk. Please see the "Risk Factors" and "Note Regarding Forward-Looking Statements" sections in NiSource's Annual Report on Form 10-K for the year ended December 31, 2009, and in our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2010, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, the forward sale agreement presents special risks.*

**The settlement provisions contained in the forward sale agreement subject us to risks if certain events occur. If any of these events occurs, our business, financial condition or results of operations could be materially harmed, the trading price of our common stock could decline, and you could lose part or all of your investment.**

The forward purchaser will have the right to accelerate the forward sale agreement and require us to physically settle the forward sale agreement on a date specified by the forward purchaser if:

- in the commercially reasonable judgment of the forward purchaser (i) it or its affiliate would be unable to hedge its exposure to the forward sale agreement because of the lack of sufficient shares of our common stock being made available for share borrowing by lenders or (ii) it or its affiliate would incur a cost to borrow shares of our common stock to hedge its exposure to the forward sale agreement that is greater than a specified threshold;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than extraordinary dividends), (ii) securities of another company or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price, as determined by the forward purchaser;
- certain ownership thresholds applicable to the forward purchaser are exceeded;
- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreement) including, among other things, certain mergers and tender offers, as well as certain events involving our nationalization or delisting of our common stock or the occurrence of certain changes in applicable law or regulations (each as more fully described in the forward sale agreement); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made in connection with entering into the forward sale agreement (each as more fully described in the forward sale agreement).

To the extent not previously settled, the forward sale agreement will terminate automatically in the event of our bankruptcy, with no termination payments owed by either party.

The forward purchaser's decision to exercise its right to require us to settle the forward sale agreement will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver our common stock under the terms of the physical settlement provisions of the forward sale agreement irrespective of our capital needs, which could result in dilution to our earnings per share and return on average common equity. In addition, upon certain events of bankruptcy, insolvency or reorganization relating to us, the forward sale agreement will terminate without further liability of either party. Following any such termination, we would not issue any shares and we would not receive any proceeds pursuant to the forward sale agreement.

The forward sale agreement provides for settlement on settlement dates to be specified at our discretion, except as described above, within approximately two years after the date of this prospectus supplement.

Except under the circumstances described above, we generally have the right to elect physical, cash or net share settlement under the forward sale agreement. Subject to the provisions of the forward sale agreement, delivery of our shares on physical settlement or net share settlement of the forward sale agreement could result

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in dilution to our earnings per share and return on average common equity. If we elect cash or net share settlement for all or a portion of the shares of our common stock included in the forward sale agreement, we would expect the forward purchaser or one of its affiliates to purchase the number of shares necessary, based on the portion for which we elect cash or net share settlement, in order to cover the obligation to return the shares of our common stock the forward seller borrowed in connection with sales of our common stock under this prospectus supplement (in the case of net share settlement, taking into account the shares of common stock, if any, we are required to deliver to the forward purchaser) and, if applicable in connection with net share settlement, to deliver shares to us. If we elect to cash or net share settle the forward sale agreement, and the average price of our common stock over a specified period preceding such settlement is above the forward sale price at that time, we would expect to pay, or deliver, as the case may be, to the forward purchaser under the forward sale agreement an amount of cash, or common stock with a value, equal to this difference, which could be significant, and we would not have the right to receive any cash or common stock from the forward purchaser. If we elect to cash or net share settle the forward sale agreement, and the average price of our common stock over a specified period preceding such settlement is below the forward sale price at that time, we expect that we would be paid this difference in cash by, or we would receive the value of this difference in common stock from, the forward purchaser under the forward sale agreement, as the case may be. See “Underwriting — Forward Sale Agreement.”

In addition, the purchase of our common stock by the forward purchaser or one of its affiliates to unwind its hedge position could cause the price of our common stock to increase over time, thereby increasing the amount of cash we could owe to the forward purchaser upon a cash settlement of the forward sale agreement, or the number of shares we could owe to the forward purchaser upon a net share settlement of the forward sale agreement, as the case may be.

### USE OF PROCEEDS

We will not initially receive any proceeds from the sale of the shares of our common stock pursuant to this prospectus supplement, unless an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward seller selling our common stock to the underwriters, in which event, we intend to use all net proceeds we receive from such sale for the same purposes described below. Depending on the settlement method and, in the case of cash or net share settlement, the market prices of our common stock during a specified period preceding the time of settlement, we may receive proceeds from the sale of common stock upon any settlement of the forward sale agreement, all of which settlements must occur within approximately two years after the date of this prospectus supplement. For purposes of calculating the proceeds to us upon settlement of the forward sale agreement, we have assumed that the forward sale agreement is physically settled based upon the initial forward sale price of \$15.9638 (which is the public offering price of our common stock after deducting the applicable underwriting discount shown on the cover of this prospectus supplement) on the effective date of the forward sale agreement, which will be September 14, 2010, and that the underwriters have not exercised their election to purchase up to 3,165,000 shares to cover over-allotments. Based on such assumptions, we would receive aggregate net proceeds of approximately \$336.8 million upon settlement of the forward sale agreement. The actual proceeds from the forward sale are subject to the terms of the forward sale agreement. See “Underwriting — Forward Sale Agreement” for a description of the forward sale agreement.

We intend to use any net proceeds that we receive upon settlement of the forward sale agreement for general corporate purposes, including the funding of our infrastructure investment growth opportunities.

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### CAPITALIZATION

The following table shows our cash and cash equivalents, short-term indebtedness and total capitalization at June 30, 2010 (1) on an actual consolidated basis and (2) on a consolidated basis as adjusted to reflect the issuance and sale of common stock upon settlement of the forward sale agreement, assuming that the forward sale agreement is physically settled based upon the initial forward sale price of \$15.9638 (which is the public offering price of our common stock after deducting the applicable underwriting discount shown on the cover of this prospectus supplement) on the effective date of the forward sale agreement, which will be September 14, 2010, and that the underwriters have not exercised their election to purchase up to 3,165,000 shares to cover over-allotments. This table should be read in conjunction with our consolidated financial statements and related notes for the six months ended June 30, 2010, incorporated by reference in this prospectus supplement and accompanying prospectus. See "Incorporation by Reference."

	June 30, 2010	
	Actual	As Adjusted
	(In millions)	
Cash and cash equivalents	\$ 7.4	\$ 344.2
Short-term borrowings (including current portion of long-term debt)	\$ 931.6	\$ 931.6
Long-term debt (excluding amounts due within one year)	\$ 5,977.3	\$ 5,977.3
Common stockholders' equity	4,894.9	5,231.7
Total capitalization	<u>\$10,872.2</u>	<u>\$ 11,209.0</u>

## SELECTED CONSOLIDATED FINANCIAL DATA

	<u>Six Months Ended June 30,</u>		<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Statement of Income Data:</b>					
Gross Revenues					
Gas Distribution	\$ 1,795.4	\$ 2,161.6	\$ 3,296.2	\$ 5,171.3	\$ 4,332.5
Gas Transportation and Storage	634.8	656.3	1,239.5	1,132.4	1,089.6
Electric	658.4	582.2	1,213.2	1,357.0	1,358.6
Other	441.2	590.4	900.5	1,218.3	1,080.9
Total Gross Revenues	<u>3,529.8</u>	<u>3,990.5</u>	<u>6,649.4</u>	<u>8,879.0</u>	<u>7,861.6</u>
Net Revenues (Gross Revenues less Cost of Sales, excluding depreciation and amortization)	1,804.4	1,748.2	3,331.4	3,245.7	3,186.4
Operating Income	542.6	459.9	801.9	918.7	916.6
Income from Continuing Operations	225.4	155.2	231.2	370.6	303.0
Results from Discontinued Operations — net of taxes	—	(11.6)	(13.5)	(291.6)	18.4
Net Income	225.4	143.6	217.7	79.0	321.4
<b>Balance Sheet Data:</b>					
Total Assets	19,048.1	19,223.3	19,271.7	20,032.2	18,009.9
Capitalization					
Common stockholders' equity	4,894.9	4,792.4	4,854.1	4,728.8	5,076.6
Long-term debt, excluding amounts due within one year	<u>5,977.3</u>	<u>6,564.4</u>	<u>5,965.1</u>	<u>5,943.9</u>	<u>5,594.4</u>
Total Capitalization	<u>\$ 10,872.2</u>	<u>\$ 11,356.8</u>	<u>\$ 10,819.2</u>	<u>\$ 10,672.7</u>	<u>\$ 10,671.0</u>
<b>Per Share Data:</b>					
Basic Earnings (Loss) Per Share (\$)					
Continuing operations	0.81	0.57	0.84	1.35	1.10
Discontinued operations	—	(0.04)	(0.05)	(1.06)	0.07
Basic Earnings Per Share	<u>0.81</u>	<u>0.53</u>	<u>0.79</u>	<u>0.29</u>	<u>1.17</u>
Diluted Earnings (Loss) Per Share (\$)					
Continuing operations	0.81	0.56	0.84	1.35	1.10
Discontinued operations	—	(0.04)	(0.05)	(1.06)	0.07
Diluted Earnings Per Share	<u>0.81</u>	<u>0.52</u>	<u>0.79</u>	<u>0.29</u>	<u>1.17</u>
<b>Other Data:</b>					
Dividends paid per share (\$) "	0.69	0.69	0.92	0.92	0.92
Shares outstanding at the end of the year (in thousands)	277,819.0	275,148.0	276,638.0	274,262.0	274,177.0
Number of common shareholders	33,320.0 "	35,347.0	34,299.0	36,194.0	38,091.0
Capital expenditures (\$ in millions)	336.9	385.8	777.2	1,299.9	786.5
Number of employees	7,590.0	7,761.0	7,616.0	7,981.0	" 7,607.0

**PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY**

Our common stock is listed and traded on the New York Stock Exchange under the symbol "NI." The following table sets forth the high and low sales prices of our common stock on the composite tape for the periods indicated.

	<u>High</u>	<u>Low</u>	<u>Dividend</u>
<b>Year Ended December 31, 2008</b>			
First Quarter	\$19.82	\$16.78	\$ 0.23
Second Quarter	\$18.80	\$17.07	\$ 0.23
Third Quarter	\$18.45	\$14.00	\$ 0.23
Fourth Quarter	\$15.59	\$10.35	\$ 0.23
<b>Year Ended December 31, 2009</b>			
First Quarter	\$11.40	\$ 7.79	\$ 0.23
Second Quarter	\$11.82	\$ 9.64	\$ 0.23
Third Quarter	\$14.03	\$11.41	\$ 0.23
Fourth Quarter	\$15.82	\$12.83	\$ 0.23
<b>Year Ending December 31, 2010</b>			
First Quarter	\$16.03	\$14.24	\$ 0.23
Second Quarter	\$16.80	\$14.13	\$ 0.23
Third Quarter (through September 8, 2010).	\$17.91	\$14.19	\$ 0.23

On September 8, 2010, the last reported sale price of our common stock on the NYSE was \$16.93 per share.

As of August 31, 2010, there were approximately 278,196,027 shares of our common stock outstanding.

Holders of shares of our common stock are entitled to receive dividends when, and if declared by NiSource's board of directors out of funds legally available. The policy of the board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. We paid quarterly common dividends totaling \$0.92 per share for the years ended December 31, 2009, 2008 and 2007. At its August 25, 2010 meeting, the board declared a quarterly common dividend of \$0.23 per share, payable on November 19, 2010 to holders of record on October 29, 2010.

Although the board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the board. Such regulatory restrictions include a requirement imposed in the August 25, 2010 order of the Indiana Utility Regulatory Commission issued in the electric rate case filed by our subsidiary, Northern Indiana Public Service Company. This order provides that, before Northern Indiana Public Service Company may declare or pay any dividend, it must file a report with the IURC detailing the proposed dividend and certain financial information. If within 20 calendar days the IURC does not initiate a proceeding to further explore the implications of the proposed dividend, it will be deemed approved.

**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS  
FOR HOLDERS OF COMMON STOCK**

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of our common stock, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the applicable United States federal income tax regulations promulgated or proposed under the Code (the "Treasury Regulations"), administrative rulings and judicial decisions, all as of the date of this prospectus supplement. These authorities are subject to change, possibly retroactively, and are subject to differing interpretations, so as to result in United States federal income tax consequences different from those set forth below.

This summary is applicable only to holders who hold our common stock as a capital asset for United States federal income tax purposes. This summary also does not address any possible applicability of any United States federal tax other than the income tax, including but not limited to the United States federal estate tax or gift tax, or the tax considerations arising under the laws of any non-United States, state or local jurisdiction. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- persons subject to the alternative minimum tax;
- real estate investment trusts and regulated investment companies;
- tax-exempt organizations;
- pension funds;
- brokers and dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings;
- U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar or who hold our common stock through a foreign entity or foreign account;
- "controlled foreign corporations," "passive foreign investment companies" and corporations that accumulate earnings to avoid United States federal income tax;
- persons who own, or are deemed to own, more than 5% of our company (except to the extent specifically set forth below);
- persons that are partnerships (or other entities or arrangements classified as partnerships for U.S. federal income tax purposes) or other pass-through entities, or investors in such entities;
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction; or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

This summary is not binding on the Internal Revenue Service. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS would not assert, or that a court would not sustain, a position contrary to such statements and conclusions.

**THIS SUMMARY OF MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT LEGAL OR TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO**

**THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-UNITED STATES OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.**

**United States Holder and Non-United States Holder Defined**

For purposes of this discussion, a “U.S. holder” is a beneficial owner of shares of common stock who is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more “United States persons,” as defined in the Code, have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

For purposes of this discussion, a “Non-U.S. holder” means any beneficial owner of common stock that is neither a U.S. holder nor a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes. A Non-U.S. holder should review the discussion under the heading “— Non-U.S. Holders” below for more information.

**U.S. Holders**

***Dividends on Common Stock***

Distributions to a U.S. holder with respect to shares of our common stock will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles, as of the end of the taxable year of the distribution. Dividends will be taxable to a U.S. holder as ordinary income. To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated as a return of capital to the extent of a U.S. holder’s adjusted tax basis in our shares of common stock and thereafter as capital gain from the sale or exchange of such shares of common stock.

Dividends paid to corporate U.S. holders will generally qualify for a dividends received deduction, provided that certain conditions are met. Dividends received by individual and other non-corporate U.S. holders on our common stock in taxable years beginning on or before December 31, 2010 may be subject to United States federal income tax at lower rates applicable to long-term capital gains, provided that certain conditions are met. The legislation providing for the application of the reduced capital gain rates to dividends is scheduled to expire on December 31, 2010, at which time, unless such legislation is extended, dividends received by a non-corporate U.S. holder will generally be taxed at ordinary income rates. U.S. holders should consult their own tax advisors concerning the applicability of these rules to their particular circumstances.

***Sale or Other Taxable Disposition of Common Stock***

A U.S. holder will generally recognize capital gain or loss upon the sale, exchange or other taxable disposition of our common stock and, if such holder’s holding period in such common stock exceeds one year, such gain or loss will generally be treated as a long-term capital gain or loss. The amount of the U.S. holder’s gain or loss will be equal to the difference between the amount of cash plus the fair market value of any property received by the U.S. holder in exchange for the disposed common stock and such U.S. holder’s

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adjusted tax basis in the common stock. Long-term capital gains recognized by certain non-corporate U.S. holders, including individuals, generally are subject to a reduced tax rate. The deductibility of capital losses is subject to limitations.

### *New Medicare Tax*

Newly enacted legislation requires certain U.S. holders at certain income thresholds who are individuals, estates or trusts to pay a 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock for taxable years beginning after December 31, 2012. If you are a U.S. holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in our common stock.

### *Information Reporting and Backup Withholding*

Certain non-exempt U.S. holders may be subject to information reporting in respect of any dividends on our common stock and the proceeds of the sale or other disposition of our common stock. In addition, backup withholding may apply if the U.S. holder (i) fails to supply a taxpayer identification number and certain other information, certified under penalty of perjury, in the manner required by the applicable Treasury Regulations, (ii) fails to certify that such holder is eligible for an exemption from backup withholding or (iii) otherwise fails to comply with the applicable backup withholding rules. Amounts withheld under backup withholding are allowable as a refund or a credit against the U.S. holder's federal income tax upon furnishing the required information on a timely basis to the IRS.

## **Non-U.S. Holders**

### *Distributions*

Any distributions we make with respect to our common stock will generally constitute dividends for United States federal income tax purposes to the extent payable from our current or accumulated earnings and profits, as determined under United States federal income tax principles, as of the end of the taxable year of the distribution. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will first constitute a non-taxable return of capital, which reduces a Non-U.S. holder's tax basis in its shares of our common stock, but not below zero, and thereafter will be treated as gain from the sale of stock.

Any dividend on our common stock paid to a Non-U.S. holder generally will be subject to United States withholding tax at a rate of 30% of the gross amount of the dividend, subject to any exemption or lower rate as may be specified by an applicable tax treaty, unless the dividends are effectively connected with the conduct by a Non-U.S. holder of a trade or business within the United States and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. holder. We may withhold up to 30% of the gross amount of the entire distribution even if the amount of the distribution is greater than the amount constituting a dividend, as described above, to the extent provided for in the Treasury Regulations. If tax is withheld on the amount of a distribution in excess of the amount constituting a dividend, then a Non-U.S. holder may obtain a refund of any excess amounts withheld if it timely files an appropriate claim for refund with the IRS.

Except as discussed in the next paragraph, in order to receive a reduced rate of or an exemption from withholding tax under an income tax treaty, a Non-U.S. holder is required to satisfy certain certification requirements, which may be met by providing us or our agent with an IRS Form W-8BEN or other appropriate version of IRS Form W-8 certifying, under penalty of perjury, as to its qualification for the reduced rate or exemption. Special certification and other requirements apply to certain Non-U.S. holders that are partnerships or other pass-through entities.

Dividends received by a Non-U.S. holder that are effectively connected with the Non-U.S. holder's conduct of a United States trade or business and, if required by an applicable income tax treaty, that are attributable to a United States permanent establishment (or, in the case of an individual, a fixed base)

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maintained by the Non-U.S. holder will generally be exempt from withholding tax. In order to obtain this exemption, a Non-U.S. holder must satisfy certain certification requirements, which may be met by providing us or our paying agent with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are subject to United States federal income tax and are taxed at the same graduated rates applicable to United States persons, net of certain deductions and credits. In addition, if a Non-U.S. holder is a corporate non-United States holder, dividends received that are effectively connected with such holder's conduct of a United States trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

If a Non-U.S. holder is eligible for a reduced rate of or an exemption from withholding tax pursuant to an income tax treaty, then such holder may obtain a refund of any excess amounts withheld if it timely files an appropriate claim for refund with the IRS.

### *Gain on the Sale or Disposition of Common Stock*

Subject to the discussion regarding backup withholding below, a Non-U.S. holder generally will not be subject to United States federal income or withholding tax on any gain realized upon the sale or other disposition of our common stock unless:

- that gain is effectively connected with the Non-U.S. holder's conduct of a United States trade or business and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. holder;
- the Non-U.S. holder is a nonresident alien individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a United States real property interest by reason of our status as a "United States real property holding corporation" for United States federal income tax purposes, which we refer to as a "USRPHC," at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. holder's holding period for our common stock.

In general, a corporation is a USRPHC if the fair market value of its U.S. real property interests (as defined in the Code and applicable Treasury Regulations) equals or exceeds 50% of the sum of the fair market value of its worldwide (domestic and foreign) real property interests and its other assets used or held for use in a trade or business. We believe that we are not currently and will not become a USRPHC. The determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other business assets, and there can be no assurance that we will not become a USRPHC in the future. Even if we are or become a USRPHC, however, so long as our common stock is regularly traded on an established securities market (such as the New York Stock Exchange), our common stock will be treated as U.S. real property interests only for a Non-U.S. holder who actually or constructively holds (at any time within the shorter of the five-year period preceding the disposition or the Non-U.S. holder's holding period) more than 5% of such regularly traded stock.

A Non-U.S. holder described in the first bullet above will be required to pay tax on the net gain derived from the sale or disposition under regular graduated United States federal income tax rates, as if such holder were a United States person, except as otherwise required by an applicable income tax treaty. In addition, corporate Non-U.S. holders described in the first bullet above may be subject to an additional branch profits tax at a 30% rate, subject to any exemption or lower rate as may be specified by an applicable tax treaty.

A Non-U.S. holder who is an individual described in the second bullet above will be subject to tax at a gross rate of 30% on the amount by which such holder's taxable capital gains allocable to United States sources, including gain from the sale or other disposition of our common stock, exceed capital losses allocable to United States sources, except as otherwise provided in an applicable income tax treaty.

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### *Recent Legislation Regarding Withholding on Payments to Foreign Financial Entities and Other Foreign Entities*

Under recently enacted legislation, a 30% withholding tax would be imposed on certain payments that are made after December 31, 2012 to certain foreign financial institutions, investment funds and other non-U.S. persons that fail to comply with information reporting requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. Such payments would include U.S.-source dividends and the gross proceeds from the sale or other disposition of stock that can produce U.S.-source dividends. Non-U.S. Holders should consult their tax advisors regarding this legislation.

### *Information Reporting and Backup Withholding*

We will, where required, report to the IRS and to Non-U.S. holders, the amount of dividends paid, the name and address of the recipients, and the amount, if any, of tax withheld. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the Non-U.S. holder's country of residence.

Payments of dividends made to a Non-U.S. holder may be subject to backup withholding (currently at a rate of 28%, but scheduled to increase to 31% in 2011) unless the Non-U.S. holder establishes an exemption, for example, by properly certifying its non-United States status on an IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a United States person.

The gross proceeds from the disposition of our common stock may be subject to information reporting and backup withholding. If a Non-U.S. holder sells shares of our common stock outside the United States through a non-United States office of a non-United States broker and the sales proceeds are paid to such holder outside the United States, then the backup withholding and information reporting requirements generally will not apply to that payment. However, information reporting, but not backup withholding, generally will apply to a payment of sales proceeds, even if that payment is made outside the United States, if the Non-U.S. holder sells shares of our common stock through a non-United States office of a broker that has specified types of connections with the United States, unless the broker has documentary evidence in its records that the holder is not a United States person and specified conditions are met, or the holder otherwise establishes an exemption. If a Non-U.S. holder receives payments of the proceeds of a sale of our common stock to or through a United States office of a broker, the payment will be subject to both United States backup withholding and information reporting unless such holder properly provides an IRS Form W-8BEN (or another appropriate version of IRS Form W-8) certifying that such holder is not a United States person or otherwise establishes an exemption, and the broker does not know or have reason to know that such holder is a United States person.

Backup withholding is not an additional tax. Amounts withheld from payments to a Non-U.S. holder under the backup withholding rules will be allowed as a credit against the holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

**THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS FOR GENERAL INFORMATION PURPOSES ONLY, DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO OUR SHARES OF COMMON STOCK AND IS NOT TAX ADVICE. INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SHARES OF COMMON STOCK.**

## UNDERWRITING

In this offering, subject to the terms and conditions of the terms agreement (which incorporates our standard underwriting terms), the forward seller has agreed, at our request, to borrow and sell 21,100,000 shares of our common stock to the underwriters in connection with the execution of the forward sale agreement between us and the forward purchaser. Credit Suisse Securities (USA) LLC, Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are the joint book-running managers of this offering and the representatives of each of the underwriters named below. We have entered into a terms agreement (which incorporates our standard underwriting terms) with the underwriters and the forward seller. Subject to the terms and conditions of the terms agreement, the forward seller has agreed to sell to the underwriters named below, and each of the underwriters has severally agreed to purchase, the respective number of shares of common stock set forth opposite its name below.

<u>Underwriter</u>	<u>Number of Shares</u>
Credit Suisse Securities (USA) LLC	5,486,000
Barclays Capital Inc.	4,431,000
Citigroup Global Markets Inc.	2,954,000
J.P. Morgan Securities LLC	2,954,000
Banc of America Securities LLC	1,055,000
Wells Fargo Securities LLC	1,055,000
BNP Paribas Securities Corp.	791,250
Deutsche Bank Securities Inc.	791,250
KeyBanc Capital Markets, Inc.	791,250
Mizuho Securities USA Inc.	791,250
<b>Total</b>	<b>21,100,000</b>

The underwriters have agreed to purchase all of the common stock sold under the terms agreement if any of the shares are purchased, other than those shares covered by the over-allotment option described below. The terms agreement provides that the obligations of the several underwriters to purchase the common stock offered by this prospectus supplement are subject to the approval of specified legal matters by their counsel and several other specified conditions. If an underwriter defaults, the terms agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the terms agreement may be terminated.

### Forward Sale Agreement

We have entered into a forward sale agreement on the date of this prospectus supplement with an affiliate of Credit Suisse Securities (USA) LLC, which affiliate we refer to as the forward purchaser, relating to all 21,100,000 shares of our common stock offered hereby. In connection with the execution of the forward sale agreement, and at our request, Credit Suisse Securities (USA) LLC, acting as agent for the forward purchaser, which we refer to in such agency capacity as the forward seller, is borrowing from third parties and selling to the underwriters in this offering 21,100,000 shares of our common stock. If the forward seller is unable to borrow and deliver for sale on the anticipated closing date of the offering any shares of our common stock, then the forward sale agreement will be terminated in its entirety. If the forward purchaser determines, in its commercially reasonable judgment, that the forward seller is unable to borrow and deliver for sale on the anticipated closing date the number of shares of our common stock to which the forward sale agreement relates, or the forward purchaser determines, in its commercially reasonable judgment, that it is either impracticable to do so or that the forward seller is unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date the number of shares of our common stock to which the forward sale agreement relates, then the number of shares of our common stock to which the forward sale agreement relates will be reduced to the number of shares that the forward seller can borrow at or below such cost. In the event that the number of shares to which the forward sale agreement relates is so

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reduced, the commitments of the underwriters to purchase shares of our common stock from the forward seller and the forward seller's obligation to borrow such shares for delivery and sale to the underwriters, as described above, will be replaced with commitments of the underwriters to purchase from us and our corresponding obligation to issue directly to the underwriters the number of shares not borrowed and delivered by the forward seller. We or the representatives of the underwriters will have the right to postpone the closing date for one New York business day to effect any necessary changes to the documents or arrangements.

We will receive an amount equal to the net proceeds from the offering and sale of the borrowed shares of our common stock sold in this offering, subject to certain adjustments pursuant to the forward sale agreement, from the forward purchaser upon physical settlement of the forward sale agreement. We will only receive such proceeds if the forward sale agreement is physically settled.

The forward sale agreement provides for settlement on settlement dates to be specified at our discretion, unless certain acceleration events occur, within approximately two years after the date of this prospectus supplement. On each settlement date, if we decide to physically settle the forward sale agreement, we will issue shares of our common stock to the forward purchaser at the then-applicable forward sale price. The forward sale price will initially be \$15.9638 per share, which is the public offering price of our shares of common stock less the underwriting discount, which is shown on the cover page of this prospectus supplement. The forward sale agreement provides that the initial forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread, will be subject to decrease on each of certain dates specified in the forward sale agreement and will be subject to adjustment upon the occurrence of certain events pursuant to the forward sale agreement. If the federal funds rate on a given day is less than the spread on that day, the interest rate factor will result in a reduction of the forward sale price on that day. As of the date of this prospectus supplement, the federal funds rate was less than the spread. The forward sale price will also be subject to decrease if the cost to the forward seller of borrowing our common stock exceeds a specified amount.

Before settlement of the forward sale agreement, the forward sale agreement will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of the forward sale agreement over the number of shares that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon settlement (based on the adjusted forward sale price). Consequently, prior to physical or net share settlement of the forward sale agreement and subject to the occurrence of certain events, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above the per share adjusted forward sale price. However, if we decide to physically settle or net share settle the forward sale agreement, any delivery of our shares on physical or net share settlement of the forward sale agreement could result in dilution to our earnings per share and return on average common equity.

The forward purchaser will have the right to accelerate the forward sale agreement and require us to physically settle the forward sale agreement on a date specified by the forward purchaser if:

- in the commercially reasonable judgment of the forward purchaser (i) it or its affiliate would be unable to hedge its exposure to the forward sale agreement because of the lack of sufficient shares of our common stock being made available for share borrowing by lenders or (ii) it or its affiliate would incur a cost to borrow shares of our common stock to hedge its exposure to the forward sale agreement that is greater than a specified threshold;
- we declare any dividend or distribution on shares of our common stock payable in (i) cash in excess of a specified amount (other than extraordinary dividends), (ii) securities of another company or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price, as determined by the forward purchaser;
- certain ownership thresholds applicable to the forward purchaser are exceeded;

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- an event is announced that, if consummated, would result in an extraordinary event (as defined in the forward sale agreement) including, among other things, certain mergers and tender offers, as well as certain events involving our nationalization or delisting of our common stock or the occurrence of certain changes in applicable law and regulations (each as more fully described in the forward sale agreement); or
- certain other events of default or termination events occur, including, among other things, any material misrepresentation made in connection with entering into the forward sale agreement (each as more fully described in the forward sale agreement).

To the extent not previously settled, the forward sale agreement will terminate automatically in the event of our bankruptcy, with no termination payments owed by either party.

The forward purchaser's decision to exercise its right to require us to settle the forward sale agreement will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver common stock under the terms of the physical settlement provisions of the forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share and return on average common equity. In addition, upon certain events of bankruptcy, insolvency or reorganization relating to us, the forward sale agreement will terminate without further liability of either party. Following any such termination, we would not issue any shares and we would not receive any proceeds pursuant to the forward sale agreement.

Except under the circumstances described above, we generally have the right to elect physical, cash or net share settlement under the forward sale agreement. Although we expect to settle entirely by the delivery of shares of our common stock, we may elect cash settlement or net share settlement for all or a portion of our obligations if we conclude that it is in our interest to cash settle or net share settle. For example, we may conclude that it is in our interest to cash settle or net share settle if we have no current use for all or a portion of the net proceeds. If we elect to cash or net share settle the forward sale agreement, and the average price of our common stock over a specified period preceding such settlement exceeds the forward sale price at the time, we will pay the forward purchaser under the forward sale agreement an amount in cash, if we cash settle, equal to such difference, or deliver a number of shares of our common stock, if we net share settle, having a market value equal to such difference. Conversely, if we elect to cash or net share settle the forward sale agreement and the average price of our common stock over a specified period preceding such settlement is below the forward sale price at the time, the forward purchaser under the forward sale agreement will pay to us an amount in cash, if we cash settle, equal to such difference, or deliver a number of shares of our common stock, if we net share settle, having a market value equal to such difference.

If we elect to cash or net share settle the forward sale agreement, we would expect the forward purchaser or its affiliate to purchase shares of our common stock in secondary market transactions for delivery to stock lenders in order to close out its short position (in the case of net share settlement, taking into account the shares of common stock, if any, we are required to deliver to the forward purchaser) and, if applicable in connection with net share settlement, to deliver shares to us. The purchase of our common stock by the forward purchaser or its affiliate could cause the price of our common stock to increase over time, thereby increasing the cash we could owe to the forward purchaser in the event of cash settlement, or the number of shares we could owe to the forward purchaser in the event of net share settlement, as the case may be.

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### Underwriting Discount

The following table shows the per share and total underwriting discount to be paid to the underwriters. Such amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$16.5000	\$ 348,150,000	\$ 400,372,500
Underwriting discount	\$ .5362	\$ 11,313,820	\$ 13,010,893
Proceeds, before expenses, to us	\$15.9638	\$ 336,836,180	\$ 387,361,607

The information assumes (a) either no exercise or full exercise by the underwriters of the over-allotment option, and (b) that the forward sale agreement is physically settled based upon the initial forward sale price of \$15.9638 and by the delivery of shares of our common stock. If we physically settle the forward sale agreement, we expect to receive proceeds of approximately \$336.8 million, net of underwriting discount but before estimated expenses, subject to certain adjustments as described above. The settlements must occur no later than approximately two years after the date of this prospectus supplement.

We estimate that the total expenses of this offering, excluding underwriting discount, will be approximately \$400,000.

The underwriters propose to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of \$0.2970 per share. If all the shares are not sold at the public offering price, the underwriters may change the public offering price and other selling terms. The shares are offered by the underwriters as stated in this prospectus supplement, subject to receipt and acceptance by them. The underwriters reserve the right to reject an order for the purchase of our shares in whole or in part.

We have granted the underwriters an option to purchase from us directly up to an additional 3,165,000 shares of common stock to cover over-allotments (representing 15% of the aggregate shares of common stock offered hereby) at the public offering price less the underwriting discount shown on the cover page of this prospectus supplement. The underwriters may exercise this option at any time, in whole or in part, until 30 days after the date of this prospectus supplement. If the underwriters exercise this option, each underwriter will be obligated, subject to the conditions contained in the terms agreement, to purchase a number of additional shares of our common stock proportionate to that underwriter's initial allocation reflected in the above table. If such option is exercised, we will enter into an additional forward sale agreement with the forward purchaser in respect of the number of shares that are subject to the exercise of the underwriters' over-allotment option. In such event, if the forward purchaser determines, in its commercially reasonable judgment, that the forward seller is unable to borrow and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, or if the forward purchaser determines, in its commercially reasonable judgment, that it is either impracticable to do so or that the forward seller is unable to borrow, at a stock loan rate not greater than a specified amount per share, and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, then we will issue and sell the shares of common stock that the forward seller does not borrow and sell. In such event, we or the representatives of the underwriters will have the right to postpone the closing date for the exercise of such option for one business day to effect any necessary changes to the documents or arrangements in connection with such closing.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act of 1933 relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC for a period of 60 days after the date of this prospectus. However, in the event that either (1) during the last 17 days

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of the “lock-up” period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the “lock-up” period, we announce that we will release earnings results during the 16-day period beginning on the last day of the “lock-up” period, then in either case the expiration of the “lock-up” will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless Credit Suisse Securities (USA) LLC waives, in writing, such an extension.

Our executive officers have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC for a period of 60 days after the date of this prospectus. However, in the event that either (1) during the last 17 days of the “lock-up” period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the “lock-up” period, we announce that we will release earnings results during the 16-day period beginning on the last day of the “lock-up” period, then in either case the expiration of the “lock-up” will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless Credit Suisse Securities (USA) LLC waives, in writing, such an extension.

The underwriters may engage in stabilizing transactions, covering transactions or purchases for the purpose of pegging, fixing or maintaining the price of our common stock, in accordance with Regulation M under the Securities Exchange Act of 1934, as amended.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Covering transactions involve purchases of our common stock in the open market after the distribution has been completed in order to cover short positions.

These stabilizing transactions and covering transactions may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

We have agreed to indemnify the underwriters, the forward purchaser and the forward seller against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

Our common stock is listed on the New York Stock Exchange under the symbol “NI.”

The underwriters and their affiliates have provided, and in the future may continue to provide, investment banking, commercial banking and other financial services to the company and its affiliates in the ordinary course of business, for which they have received and will continue to receive customary compensation.

### **Notice to Prospective Investors in the EEA**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus

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Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), an offer to the public of any shares of our common stock which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the common stock which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any Shares may be made at any time, with effect from and including the Relevant Implementation Date, under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriters to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of Credit Suisse Securities (USA) LLC for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer of shares within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under, the offer of shares contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

(A) it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

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### **Notice to Prospective Investors in the United Kingdom**

In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (within the meaning of Article 2(1) (e) of the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); and/or (ii) who are high net worth companies falling within Article 49(2)(a) to (d) of the Order; and/or (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

### **Notice to Prospective Investors in Hong Kong**

This prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The shares will not be offered or sold in Hong Kong by means of any document other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Notice to Prospective Investors in Japan**

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

### **Notice to Prospective Investors in Australia**

No prospectus, disclosure document, offering material or advertisement in relation to the common shares has been lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange Limited. Accordingly, a person may not (a) make, offer or invite applications for the issue, sale or purchase of common shares within, to or from Australia (including an offer or invitation which is received by a person in Australia) or (b) distribute or publish this prospectus or any other prospectus, disclosure document, offering material or advertisement relating to the common shares in Australia, unless (i) the minimum aggregate consideration payable by each offeree is the U.S. dollar equivalent of at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 (CWLTH) of Australia; and (ii) such action complies with all applicable laws and regulations.

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### Notice to Prospective Investors in Switzerland

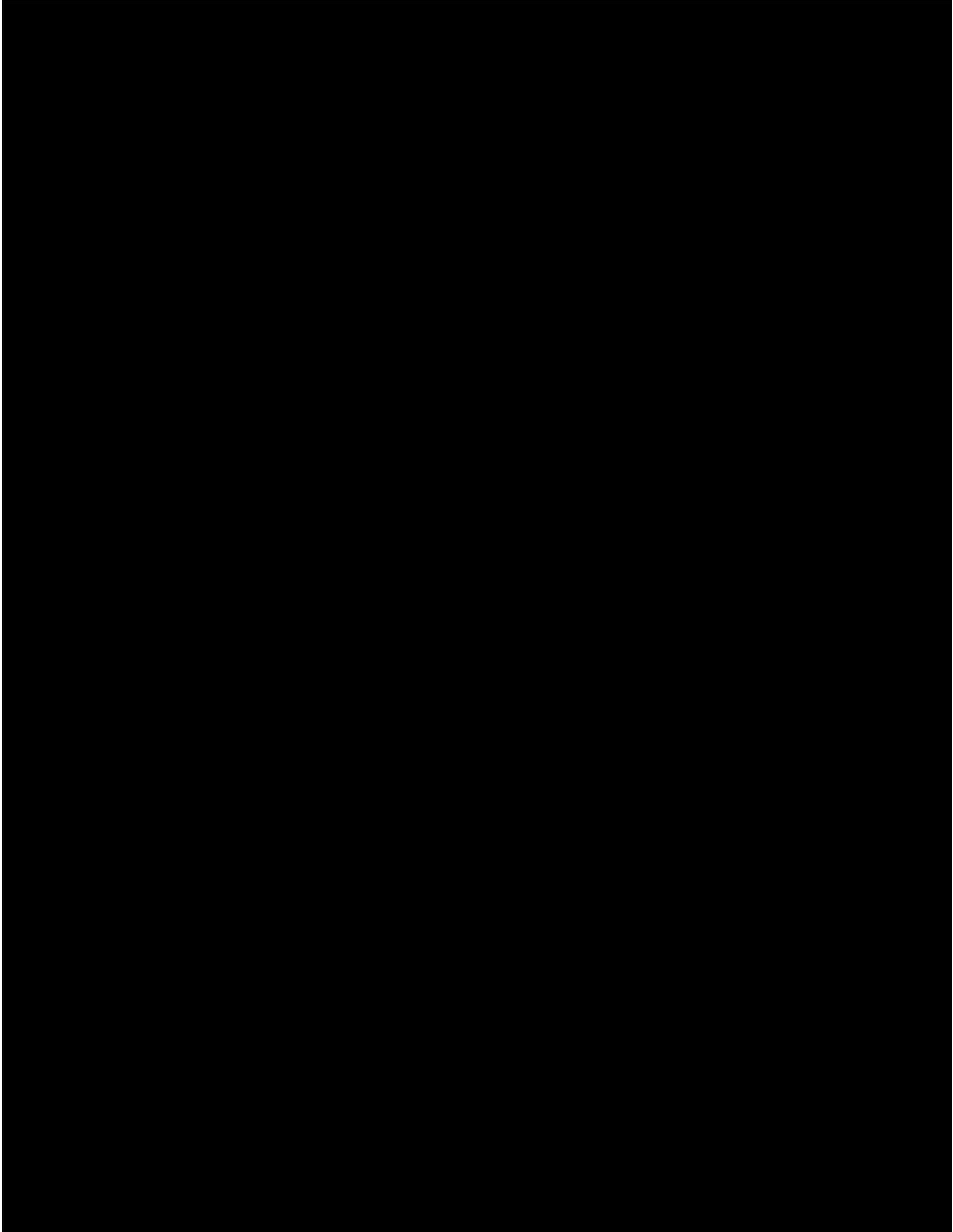
We have not and will not register with the Swiss Financial Market Supervisory Authority (“FINMA”) as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended (“CISA”), and accordingly the shares being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the shares have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the shares offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The shares may solely be offered to “qualified investors,” as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended (“CISO”), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the shares are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

### VALIDITY OF THE SHARES

The validity of the common stock will be passed upon for us by Schiff Hardin LLP, Chicago, Illinois. The underwriters have been represented by Sullivan & Cromwell LLP, New York, New York.

### EXPERTS

The consolidated financial statements and related financial statement schedules of NiSource Inc. and subsidiaries, incorporated in this prospectus supplement by reference from NiSource Inc.’s Annual Report on Form 10-K for the year ended December 31, 2009, and the effectiveness of NiSource Inc. and subsidiaries’ internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.



Prospectus Supplement  
(To Prospectus dated November 5, 2010)

**\$750,000,000**

**NiSource**  
**NiSource Finance Corp.**

**4.80% Notes due 2044**

**Unconditionally Guaranteed by NiSource Inc.**

The Notes will mature on February 15, 2044. The Notes will bear interest at a rate of 4.80% per year. Interest on the Notes will be paid semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2013.

At our option, we may redeem some or all of the Notes at any time and from time to time at the redemption prices described herein.

The Notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be our senior unsecured obligations and will rank equally with all our other senior unsecured indebtedness from time to time outstanding.

**Investing in the Notes involves risks. See “Risk Factors” on page S-5 of this prospectus supplement.**

Neither the Securities and Exchange Commission, or SEC, nor any state securities commission has approved or disapproved of the Notes or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	<u>Per Note</u>	<u>Total</u>
Price to Public (1)	99.575%	\$746,812,500
Underwriting Discount	0.875%	\$ 6,562,500
Proceeds, before expenses, to us (1)	98.700%	\$740,250,000

(1) Plus accrued interest, if any, from April 12, 2013.

The Notes will constitute a new issue of securities without an established trading market. The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system. Currently, there is no market for the Notes.

We expect that delivery of the Notes will be made to investors through the book-entry delivery system of The Depository Trust Company on or about April 12, 2013.

*Joint Book-Running Managers*

**Barclays**

**Credit Suisse**

**J.P. Morgan**

*Senior Co-Managers*

**KeyBanc Capital Markets**

**Loop Capital Markets**

**Scotiabank**

*Co-Managers*

**BNY Mellon Capital Markets, LLC**

**Fifth Third Securities, Inc.**

**Huntington Investment Company**

The date of this prospectus supplement is April 9, 2013.

## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this 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 prospectus supplement or to which we or the underwriters have referred you. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell these securities. The information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein may only be accurate as of their respective dates. Our business, financial condition, prospects and results of operations may have changed since those dates.

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## SUMMARY

*This summary highlights certain information contained in this prospectus supplement. This summary is not complete and does not contain all of the information that you should consider before purchasing the Notes. We urge you to read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including the historical financial statements and notes to those financial statements contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the "Risk Factors" section on page S-5 of this prospectus supplement and the "Risk Factors" and "Note regarding forward-looking statements" sections in NiSource's Annual Report on Form 10-K for the year ended December 31, 2012 for more information about important risks that you should consider before investing in the Notes. References to "NiSource" refer to NiSource Inc., and references to "NiSource Finance" refer to NiSource Finance Corp. Unless the context requires otherwise, "we," "us" or "our" refer collectively to NiSource and its subsidiaries, including NiSource Finance.*

### NiSource Inc.

*Overview.* NiSource is an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage 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 Columbia Gas of Massachusetts (formerly known as Bay State Gas Company), a natural gas distribution company serving customers in Massachusetts. NiSource derives substantially all its revenues and earnings from the operating results of its thirteen direct subsidiaries. Our primary business segments are:

- gas distribution operations;
- Columbia Pipeline Group; and
- electric operations.

*Strategy.* We have established four key initiatives to build a platform for long-term, sustainable growth: commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and process and expense management.

*Gas Distribution Operations.* Our natural gas distribution operations serve more than 3.3 million customers in seven states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 798 thousand customers in northern Indiana through our subsidiary Northern Indiana Public Service Company. Additionally, our subsidiary Columbia Gas of Massachusetts distributes natural gas to approximately 303 thousand customers in Massachusetts.

*Columbia Pipeline Group.* Our Columbia Pipeline Group subsidiaries own and operate approximately 15 thousand miles of pipeline and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 637.8 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission LLC, Columbia Gulf Transmission, LLC, NiSource Midstream Services, LLC, and Crossroads

Pipeline Company, we own and operate an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia. Our subsidiary, NiSource Energy Ventures (NEVCO), manages the company's mineral rights positions in the Marcellus and Utica shale areas.

*Electric Operations.* Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 458 thousand customers in 20 counties in the northern part of Indiana and engage in electric wholesale and transmission transactions. Northern Indiana Public Service Company operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 megawatts. Northern Indiana Public Service Company also owns and operates Sugar Creek, a combined cycle gas turbine plant with a 535 megawatt capacity rating, four gas-fired generating units located at Northern Indiana's coal-fired electric generating stations with a net capability of 206 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts. These facilities provide for a total system operating net capability of 3,291 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,800 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2012, Northern Indiana Public Service Company generated 74.1% and purchased 25.9% of its electric requirements.

#### **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 March 2000 under the laws of the State of Indiana.

Our executive offices are located at 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

### The Offering

Issuer .....	NiSource Finance Corp.
Securities Offered .....	\$750,000,000 aggregate principal amount of 4.80% Notes due 2044.
Guarantee .....	NiSource Inc. will fully and unconditionally guarantee all the obligations of NiSource Finance under the Notes.
Maturity Date .....	The Notes will mature on February 15, 2044.
Interest Rate .....	The interest rate on the Notes will be 4.80% per annum.
Interest Payment Dates .....	Interest on the Notes will be payable semi-annually in arrears on February 15 and August 15 of each year, commencing August 15, 2013.
Optional Redemption .....	Prior to August 15, 2043, we may redeem some or all of the Notes at any time at a redemption price equal to the greater of (1) the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date and (2) a “make-whole” amount based on the yield of a comparable U.S. Treasury security plus 0.30%. On or after August 15, 2043, we may redeem some or all of the Notes at any time at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date. See the “Supplemental Description of the Notes — Optional Redemption” section of this prospectus supplement for more information.
Ranking .....	<p>The Notes will be senior, unsecured obligations of NiSource Finance ranking equally in right of payment with other senior indebtedness of NiSource Finance.</p> <p>The guarantees will be senior, unsecured obligations 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.</p> <p>The Indenture does not limit the amount of debt that NiSource Finance, NiSource or any of its subsidiaries may incur.</p>
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 net proceeds to us from the sale of the Notes, after deducting the underwriting discount but before deducting other fees and expenses related to the offering, will be approximately \$740.3 million. We intend to use the net proceeds from the offering to repay short-term borrowings under our commercial paper program and for general corporate purposes. See the “Use of Proceeds” section of this prospectus supplement for more information.

Conflict of Interest . . . . . Because 5% or more of the net proceeds may be paid to one or more underwriters participating in this offering or their affiliates, there is a “conflict of interest” under Rule 5121 of the Financial Industry Regulatory Authority, Inc. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. See the “Use of Proceeds” and “Underwriting—Conflict of Interest” sections of this prospectus supplement for more information.

Additional Notes . . . . . We may, without the consent of the holders of the Notes, create and issue additional Notes of a series ranking equally with the Notes 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 and would have the same terms as to status, redemption or otherwise as the Notes. See the “Supplemental Description of the Notes” section of this prospectus supplement for more information.

## RISK FACTORS

*Investing in the Notes involves risk. Please see the "Risk Factors" and "Note regarding forward-looking statements" sections in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, the risks described below could result in a decrease in the value of the Notes and your investment therein.*

**The Notes and guarantees are obligations of NiSource Finance and NiSource, respectively, and not of our operating subsidiaries and will be effectively subordinated to the claims of the operating subsidiaries' creditors.**

The Notes and guarantees are obligations of NiSource Finance and NiSource, respectively, and not of our other subsidiaries. NiSource is a holding company and, accordingly, we conduct substantially all of our operations through our operating subsidiaries. NiSource Finance is a consolidated finance subsidiary, which has no independent operations other than its financing activities. As a result, our cash flow and our ability to service our debt, including the Notes, depend upon the earnings of our operating subsidiaries and on the distribution of earnings, loans or other payments by such subsidiaries to NiSource and NiSource Finance.

Our operating subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our operating subsidiaries will also be contingent upon such subsidiaries' earnings and business considerations. As of December 31, 2012 our operating subsidiaries (which do not include NiSource Finance, NiSource Capital Markets, Inc. and NiSource Development Company) had approximately \$788.6 million of indebtedness.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the rights of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. If any of our subsidiaries were to issue preferred stock in the future, the Notes would similarly be effectively subordinated to the rights of the preferred stockholders.

**There is no prior public market for the Notes, and we cannot assure you that any public market will develop or be sustained after the offering.**

The Notes will constitute a new issue of securities without an established trading market. We have been advised by the underwriters that they may make a market in the Notes, but they have no obligation to do so and may discontinue market making at any time without providing notice. There can be no assurance that a market for the Notes will develop or, if it does develop, that it will continue. If an active public market does not develop, the market price and liquidity of the Notes may be adversely affected. Furthermore, we do not intend to apply for listing of the Notes on any securities exchange or automated quotation system.

## INCORPORATION BY REFERENCE

The SEC allows us to “incorporate by reference” information into this prospectus supplement and the accompanying prospectus. 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 supplement and the accompanying prospectus. Information that NiSource files with the SEC after the date of this prospectus supplement will automatically modify and supersede the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference the following documents filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2012;
- our Current Report on Form 8-K filed January 25, 2013; 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, as amended (the “Exchange Act”) until we sell all of the securities offered by this 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: Robert E. Smith, NiSource Inc., 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

## USE OF PROCEEDS

The net proceeds to us from the sale of the Notes, after deducting the underwriting discount but before deducting other fees and expenses related to the offering, will be approximately \$740.3 million. We intend to use the net proceeds from this offering (1) to repay short-term borrowings under our commercial paper program having a weighted average annual interest rate of 0.95% as of April 4, 2013, and (2) for general corporate purposes. As of April 4, 2013, the outstanding amount of short term borrowings under our commercial paper program was \$509.9 million. Affiliates of one or more of the underwriters may hold our commercial paper and may, in such capacities, receive a portion of the net proceeds from this offering through the repayment of borrowings outstanding under our commercial paper program. See the “Underwriting—Conflict of Interest” section of this prospectus supplement for more information.

## CAPITALIZATION

The following table shows our capitalization and short-term indebtedness at December 31, 2012 (1) on an actual consolidated basis and (2) on a consolidated basis as adjusted to reflect (i) the issuance and sale of \$750 million principal amount of the Notes and (ii) the use of the net proceeds as set forth under “Use of Proceeds” in this prospectus supplement. This table should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2012 incorporated by reference in this prospectus supplement and accompanying prospectus. See “Incorporation by Reference” in this prospectus supplement.

	<b>December 31, 2012</b>	
	<b>Actual</b>	<b>As Adjusted(1)</b>
	<b>(in millions)</b>	
Cash and cash equivalents . . . . .	\$ 36.3	\$ 36.3
Short-term borrowings (including current portion of long-term debt) . . . . .	<u>\$ 1,284.1</u>	<u>\$ 543.8</u>
Long-term debt (excluding amounts due within one year) . . . . .	\$ 6,819.1	\$ 7,559.4
Common stockholders’ equity . . . . .	<u>\$ 5,554.3</u>	<u>\$ 5,554.3</u>
Total capitalization . . . . .	<u>\$12,373.4</u>	<u>\$13,113.7</u>

(1) Assumes that all proceeds are used to repay short-term borrowings.

## RATIOS OF EARNINGS TO FIXED CHARGES

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

Fiscal Year Ended December 31,				
<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
2.39	2.07	1.97	1.87	2.25

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 (before allowance for borrowed funds used during construction), 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.

## 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 as of November 14, 2000, that we have entered into with The Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as 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.

### **Maturity, Interest and Payment**

The Notes will mature on February 15, 2044, subject to earlier redemption at our option as described under “— Optional Redemption.” The Notes will bear interest at a rate of 4.80% per annum from and including April 12, 2013, payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 2013. Interest payable on each interest payment date for the Notes will be paid to the persons in whose name the Notes are registered at the close of business on each February 1 and August 1 (whether or not a business day).

If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date. Interest on the Notes will be calculated on the basis of a 360-day year, consisting of twelve 30-day months.

### **Optional Redemption**

Prior to August 15, 2043 (the date that is six months prior to the stated maturity of the Notes), we may redeem some or all of the Notes at any time at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date and (2) the Make-Whole Amount. On or after August 15, 2043, we may redeem some or all of the Notes at any time at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the redemption date.

The following definitions apply to the Notes:

“*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 and unpaid 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 assuming a price for 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 0.30%.

“*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 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 us, 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 a Reference Treasury Dealer, 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 us 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.

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 “Description of the Debt Securities — Book-Entry Issuance” in the accompanying prospectus. The Notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

### **Additional Notes**

We may, without the consent of the holders of the Notes, create and issue additional Notes ranking equally with the Notes 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 and would have the same terms as to status, redemption or otherwise as the Notes. No additional Notes may be issued if an Event of Default under the Indenture 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 Internal Revenue Code of 1986, as amended (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, holding or disposition (including by way of redemption) of Notes by an ERISA Plan with respect to which NiSource, NiSource Finance or an 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, held and disposed of 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 transactions involving insurance company pooled separate accounts; PTCE 91-38, respecting transactions involving bank collective investment funds; PTCE 95-60, respecting transactions involving life insurance company general accounts; and PTCE 96-23, respecting transactions determined by in-house asset managers. In addition, the statutory exemption (the “Statutory Exemption”) under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code for certain prohibited transactions between an ERISA Plan and a person or entity that is a party in interest to such ERISA Plan solely by reason of providing services to the ERISA Plan or an affiliation with such a service provider (other than a party in interest that is a fiduciary with respect to the assets of the ERISA Plan involved in the transaction, or an affiliate of such a fiduciary), provided that the ERISA Plan pays no more than, and receives no less than, adequate consideration in connection with the transaction, may be applicable to the acquisition, holding and disposition of the Notes. There can be no assurance that all of the conditions for relief under any of the foregoing exemptions will be satisfied in connection with a particular ERISA Plan’s acquisition, holding or disposition of the Notes, or that such relief will be available for all prohibited transactions that might arise in connection with a particular ERISA Plan’s investment in the Notes.

Because of the foregoing, the Notes should not be acquired by any person investing “plan assets” of any Plan, unless the purchase, holding and disposition (including by way of redemption) of the Notes 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 either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Note constitutes assets of any Plan, or (ii) the purchase, holding and disposition (including by way of redemption) 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 violate any applicable similar laws.

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, holding and disposition (including by way of redemption) of the Notes.

## UNDERWRITING

Subject to conditions set forth in the underwriting agreement, we have agreed to sell all, but not less than all, the Notes to the underwriters, and the underwriters have severally and not jointly agreed to purchase the principal amount of the Notes set forth opposite its name in the following table:

<u>Underwriter</u>	<u>Principal Amount of Notes</u>
Barclays Capital Inc. ....	\$187,500,000
Credit Suisse Securities (USA) LLC ....	\$187,500,000
J.P. Morgan Securities LLC ....	\$187,500,000
KeyBanc Capital Markets Inc. ....	\$ 37,500,000
Loop Capital Markets LLC ....	\$ 37,500,000
Scotia Capital (USA) Inc. ....	\$ 37,500,000
BNY Mellon Capital Markets, LLC ....	\$ 25,000,000
Fifth Third Securities, Inc. ....	\$ 25,000,000
The Huntington Investment Company ....	\$ 25,000,000
	<b>\$750,000,000</b>

The underwriting agreement provides that the underwriters are obligated to purchase all of the Notes if any are purchased. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering of Notes may be terminated.

The underwriters propose to offer the Notes initially at the public offering price on the cover page of this prospectus supplement and to certain dealers at that price less a selling concession of 0.50% of the principal amount per Note. The underwriters may allow and those certain dealers may realow a discount of 0.25% of the principal amount per Note on sales to certain other dealers. After the initial public offering of the Notes, the public offering price and other selling terms may be changed.

We estimate that our total expenses for this offering, excluding the underwriting discount, will be approximately \$150,000.

The Notes are a new issue of securities with no established trading market. One or more of the underwriters intends to make a secondary market for the Notes. However, they are not obligated to do so and may discontinue making a secondary market for the Notes at any time without notice. No assurance can be given as to how liquid the trading market for the Notes will be.

We have agreed to indemnify the underwriters against liabilities under the Securities Act of 1933, as amended or contribute to payments which the underwriters may be required to make in that respect.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum.
- Over-allotment involves sales by the underwriters of Notes in excess of the principal amount of Notes the underwriters are obligated to purchase, which creates a syndicate short position.
- Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. A short position is more likely to be

created if the underwriters are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the Notes originally sold by the syndicate member are purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate-covering transactions and penalty bids may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the prices that might otherwise exist in the open market. The underwriters are not required to engage in these transactions and these transactions, if commenced, may be discontinued at any time.

### **Other Relationships**

Certain of the underwriters and their affiliates have provided and in the future may continue to provide investment banking, commercial banking, corporate trust and other financial services, including the provision of credit facilities, to us and our affiliates in the ordinary course of business for which they have received and will receive customary compensation.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers, and such investments and securities activities may involve our securities and/or instruments. Certain of the underwriters and their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect to such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Conflict Of Interest**

We intend to use a portion of the net proceeds to us from the sale of the Notes to repay short-term borrowings under our commercial paper program. Affiliates of one or more of the underwriters may hold our commercial paper. Because 5% or more of the net proceeds may be paid to one or more underwriters participating in this offering or their affiliates, there is a “conflict of interest” under Rule 5121 of the Financial Industry Regulatory Authority, Inc. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. Any underwriter participating in the offering that receives 5% or more of the net proceeds will not confirm any sales to accounts over which it exercises discretionary authority without first receiving specific written approval for the transaction from those accounts. See the “Use of Proceeds” section of this prospectus supplement for more information.

## **LEGAL MATTERS**

The validity of the Notes will be passed upon for us by Schiff Hardin LLP, Chicago, Illinois. The underwriters have been represented by Hunton & Williams LLP, New York, New York.

## **EXPERTS**

The consolidated financial statements and related financial statement schedules, incorporated in this prospectus supplement by reference from NiSource Inc.'s Annual Report on Form 10-K, and the effectiveness of NiSource Inc. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

**NiSource**

**NiSource Inc.**

**Common Stock  
Preferred Stock  
Guarantees of Debt Securities  
Warrants  
Stock Purchase Contracts  
Stock Purchase Units**

**NiSource Finance Corp.**

**Debt Securities  
Guaranteed as Set Forth in this Prospectus by NiSource Inc.  
Warrants**

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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;
- shares of preferred stock, in one or more series;
- warrants to purchase common stock or preferred stock; and
- stock purchase contracts to purchase common stock, either separately or in units with the debt securities described below or U.S. Treasury securities.

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; and
- warrants to purchase 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 18 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.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of 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 5, 2010.

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## 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, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units 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’s public reference room 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, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units 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 room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room 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 and information statements and other information regarding issuers that file electronically with the SEC, including NiSource.

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 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 the following documents filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2009;

- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010;
- our Current Reports on Form 8-K dated January 28, 2010, February 19, 2010, February 26, 2010, May 14, 2010, August 26, 2010 and September 14, 2010; 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.

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.

We maintain an internet site at <http://www.nisource.com> which contains information concerning NiSource and its subsidiaries. The information contained at our 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.

## **RISK FACTORS**

*Investing in the securities involves risk. You should read carefully the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, which are incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus. The prospectus supplement applicable to each type or series of securities we offer may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under that prospectus supplement.*

## **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. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" sections of NiSource's 2009 Form 10-K and 2010 Forms 10-Q, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

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 an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. Our principal subsidiaries include Columbia Energy Group, a vertically-integrated natural gas distribution, transmission and storage 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 Columbia Gas of Massachusetts (formerly known as Bay State Gas Company), a natural gas distribution company serving customers in Massachusetts. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

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

*Strategy.* We have established four key initiatives to build a platform for long-term, sustainable growth: commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and process and expense management.

*Gas Distribution Operations.* Our natural gas distribution operations serve more than 3.3 million customers in seven states and operate approximately 58 thousand miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 792 thousand 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 subsidiary Columbia Gas of Massachusetts distributes natural gas to approximately 294 thousand customers in Massachusetts.

*Gas Transmission and Storage.* Our gas transmission and storage subsidiaries own and operate approximately 16 thousand miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 639 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission LLC, Columbia Gulf Transmission Company and Crossroads Pipeline

Company, we own and operate an interstate pipeline network extending from the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 16 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia.

*Electric Operations.* Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 457 thousand customers in 20 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company owns four and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,574 megawatts. Northern Indiana Public Service Company also operates Sugar Creek, a combined cycle gas turbine plant with a 535 megawatt capability rating, four gas-fired generating units located at Northern Indiana's coal fired electric generating stations with a net capability of 203 megawatts and two hydroelectric generating plants with a net capability of 10 megawatts. These facilities provide for a total system operating net capability of 3,322 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,792 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2009, Northern Indiana Public Service Company generated 85.2% and purchased 14.8% of its electric requirements.

Our executive offices are located at 801 East 86th Avenue, Merrillville, Indiana 46410, telephone: (877) 647-5990.

#### **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 March 2000 under the laws of the State of Indiana.

#### **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 for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

#### **RATIOS OF EARNINGS TO FIXED CHARGES**

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

<u>Nine Months Ended September 30, 2010</u>	<u>Fiscal Year Ended December 31</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
2.21 .....	1.91	2.31	2.14	2.30	1.95

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 were reserved for issuance upon the exercise of rights under NiSource's Shareholder Rights Plan. As of November 29, 2006, no rights may be exercised under NiSource's Shareholder Rights Plan.

### Anti-Takeover Provisions

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. Members of NiSource's board of 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 the stockholders of NiSource to fill such a vacancy or newly-created directorship, it may be filled only by the 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. 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 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 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 designations or through amendments to NiSource's certificate of incorporation. If NiSource uses this prospectus to offer preferred stock, an accompanying prospectus supplement will describe the specific terms of the preferred stock. 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 depository or a nominee of the depository identified in the prospectus supplement;
- be deposited with such depository or nominee or a custodian for the depository; 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 designations.

## **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 Bank of New York Mellon (as successor in interest to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank), as trustee. The Bank of New York Mellon, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have incorporated by reference the Indenture as an exhibit to the registration statement of which this prospectus is 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 regulatory restrictions. Such regulatory restrictions include a requirement imposed in the August 25, 2010 order of the Indiana Utility Regulatory Commission issued in the electric rate case filed by Northern Indiana Public Service Company. This order provides that, before Northern Indiana Public Service Company may declare or pay any dividend, it must file a report with the IURC detailing the proposed dividend and certain financial information. If within 20 calendar days the IURC does not initiate a proceeding to further explore the implications of the proposed dividend, it will be deemed approved. In addition, Northern Indiana Public Service Company's debt indenture provides that Northern Indiana Public Service Company will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits.

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 of 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.)

## **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 or 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, Inc., a subsidiary of NiSource, 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 has become due solely by reason of 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 reason of the declaration;

- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due to 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 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 depository 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 also facilitates the post-trade settlement among its direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between its direct participants' accounts. This eliminates the need for physical movement of securities certificates. DTC's direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation which, in turn, is owned by a number of DTC's direct participants and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The DTC rules applicable to 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 depository 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 depository 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 depository). 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.)

## DESCRIPTION OF WARRANTS

NiSource and NiSource Finance may issue warrants to purchase equity or debt securities, respectively. NiSource and NiSource Finance may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. NiSource and NiSource Finance will issue the warrants under warrant agreements to be entered into between NiSource or NiSource Finance, as the case may be, and a bank or trust company, as warrant agent, all as described in the applicable prospectus supplement. The warrant agent will act solely as agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

- the title of the warrants;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the price or prices at which the warrants will be issued;
- the aggregate number of warrants;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;
- if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;
- the date on which the right to exercise the warrants will commence, and the date on which the right will expire;
- the maximum or minimum number of warrants that may be exercised at any time; and
- information with respect to book-entry procedures, if any.

### Exercise of Warrants

Each warrant will entitle the holder of warrants to purchase for cash the amount of equity or debt securities at the exercise price stated or determinable in the prospectus supplement for the warrants. Warrants may be exercised at any time up to the close of business on the expiration date shown in the applicable prospectus supplement, unless otherwise specified in such prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. Warrants may be exercised as described in the applicable prospectus supplement. When the warrant holder makes the payment and properly completes and

signs the warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, NiSource or NiSource Finance, as the case may be, will, as soon as possible, forward the equity or debt securities that the warrant holder has purchased. If the warrant holder exercises the warrant for less than all of the warrants represented by the warrant certificate, NiSource or NiSource Finance, as the case may be, will issue a new warrant certificate for the remaining warrants.

## **DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS**

NiSource may issue stock purchase contracts, including contracts obligating holders to purchase from NiSource, and for NiSource to sell to the holders, a specified number of shares of common stock at a future date or dates. The price per share of common stock and the number of shares of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula stated in the stock purchase contracts.

The stock purchase contracts may be issued separately or as part of units that we call “stock purchase units.” Stock purchase units consist of a stock purchase contract and either NiSource Finance’s debt securities or U.S. treasury securities securing the holders’ obligations to purchase the common stock under the stock purchase contracts.

The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and these payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations in a specified manner.

The applicable prospectus supplement will describe the terms of the stock purchase contracts or stock purchase units. The description in the prospectus supplement will only be a summary, and you should read the stock purchase contracts, and, if applicable, collateral or depositary arrangements, relating to the stock purchase contracts or stock purchase units. Material U.S. federal income tax considerations applicable to the stock purchase units and the stock purchase contracts will also be discussed in the applicable prospectus supplement.

## **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 reallocated 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 reallocated 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.

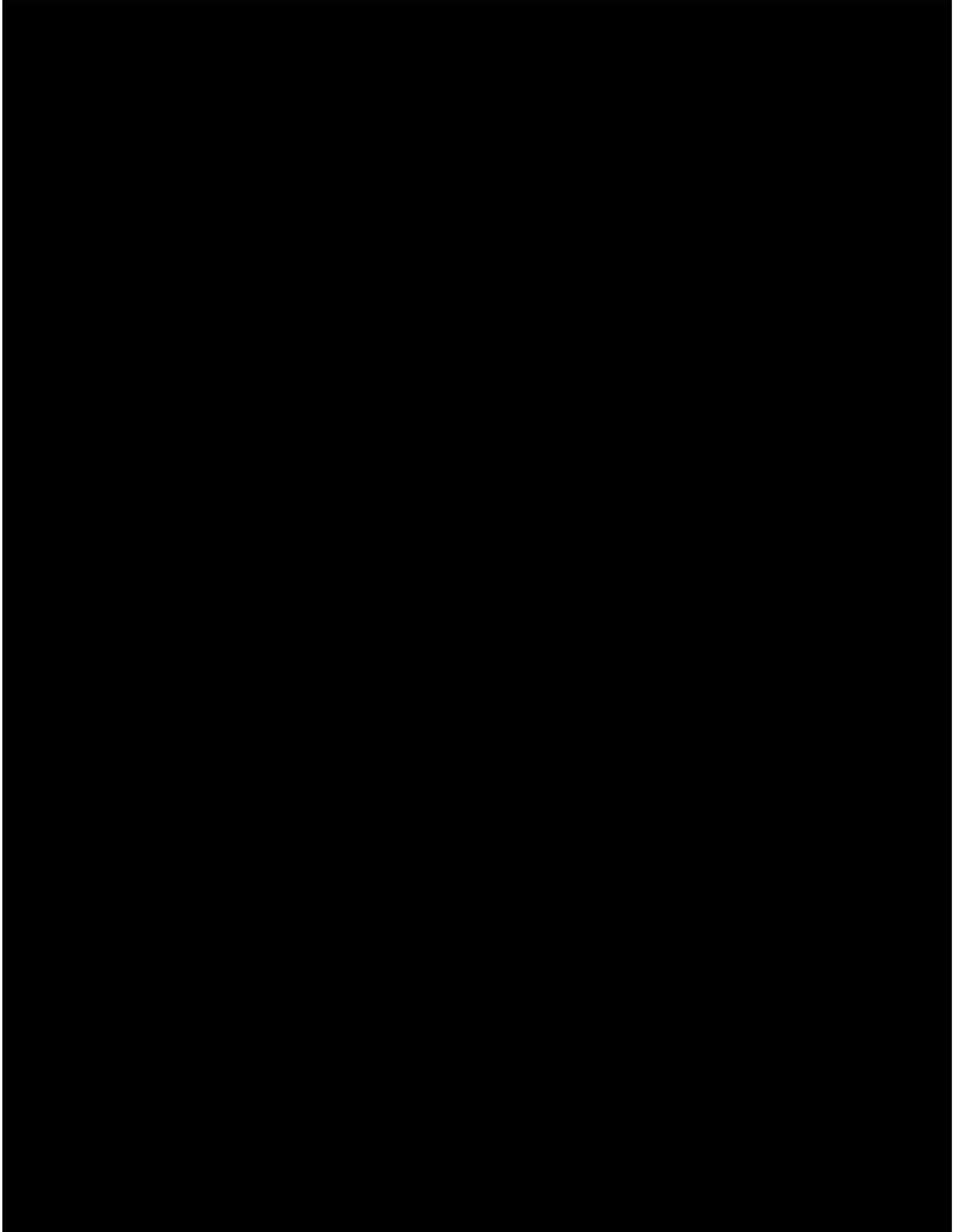
## LEGAL OPINIONS

Schiff Hardin LLP, 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.

## EXPERTS

The consolidated financial statements and related financial statement schedules of NiSource Inc. and subsidiaries, incorporated in this prospectus by reference from NiSource Inc.'s Annual Report on Form 10-K, and the effectiveness of NiSource Inc. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

***NI*Source**



PROSPECTUS

**NiSource**  
**NiSource Inc.**

**Common Stock**  
**Preferred Stock**  
**Guarantees of Debt Securities**  
**Warrants**  
**Stock Purchase Contracts**  
**Stock Purchase Units**

**NiSource Finance Corp.**

**Debt Securities**  
**Guaranteed as Set Forth in this Prospectus by NiSource Inc.**  
**Warrants**

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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;
- shares of preferred stock, in one or more series;
- warrants to purchase common stock or preferred stock; and
- stock purchase contracts to purchase common stock, either separately or in units with the debt securities described below or U.S. Treasury securities.

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; and
- warrants to purchase 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 18 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.

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of 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 December 21, 2007.

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## 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, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the common stock, preferred stock, debt securities, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units 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, guarantees of debt securities, warrants, stock purchase contracts and stock purchase units 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 room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain additional information about the public reference room 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 and information statements and other information regarding issuers that file electronically with the SEC, including NiSource.

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 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 the following documents filed with the SEC:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2006;
- our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2007, June 30, 2007 and September 30, 2007;

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- our Current Reports on Form 8-K dated January 30, 2007, July 23, 2007, August 30, 2007, October 17, 2007 and December 12, 2007; and
- the description of our common stock contained in our definitive joint proxy statement/prospectus dated April 24, 2000.

We also incorporate by reference 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.

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.

We maintain an Internet site at <http://www.nisource.com> which contains information concerning NiSource and its subsidiaries. The information contained at our 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.

### RISK FACTORS

*Investing in the securities involves risk. Please see the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, along with the disclosure related to the risk factors contained in NiSource's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007, June 30, 2007 and September 30, 2007, which are incorporated by reference in this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information contained or incorporated by reference in this prospectus. The risks and uncertainties not presently known to NiSource or that NiSource currently deems immaterial may also impair its business operations, its financial results and the value of the securities. The prospectus supplement applicable to each type or series of securities we offer may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under that prospectus supplement.*

### 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. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success

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of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, changes in general economic, capital and commodity market conditions, and counterparty credit risk, many of which risks are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time.

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 an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England.

We are the largest regulated natural gas distribution company operating east of the Rocky Mountains, as measured by number of customers. Our principal subsidiaries include Columbia Energy Group, a vertically integrated natural gas distribution, transmission and storage 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. NiSource derives substantially all its revenues and earnings from the operating results of its subsidiaries. Our primary business segments are:

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

*Strategy.* We have established four key initiatives to build a platform for long-term, sustainable growth: commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and process and expense management.

*Gas Distribution Operations.* Our natural gas distribution operations serve more than 3.3 million customers in nine states and operate approximately 58,000 miles of pipeline. Through our wholly-owned subsidiary, Columbia Energy Group, we own five distribution subsidiaries that provide natural gas to approximately 2.2 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky and Maryland. We also distribute natural gas to approximately 792,000 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 340,000 customers in Massachusetts, Maine and New Hampshire.

*Gas Transmission and Storage.* Our gas transmission and storage subsidiaries own and operate approximately 16,000 miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of storing approximately 637 billion cubic feet of natural gas. Through our subsidiaries Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company, Crossroads Pipeline Company and Granite State Gas Transmission, Inc., we own and operate an interstate pipeline network extending from offshore in the Gulf of Mexico to Lake Erie, New York and the eastern seaboard. Together, these companies serve customers in 19 Northeastern, Mid-Atlantic, Midwestern and Southern states and the District of Columbia.

*Electric Operations.* Through our subsidiary Northern Indiana Public Service Company, we generate, transmit and distribute electricity to approximately 454,000 customers in 21 counties in the northern part of Indiana and engage in wholesale and transmission transactions. Northern Indiana Public Service Company currently operates three coal-fired electric generating stations with a net capacity of 2,574 megawatts, six gas-fired generating units with a net capacity of 323 megawatts and two hydroelectric generating plants with a net capacity of

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10 megawatts, totaling a net capability of 2,907 megawatts. Northern Indiana Public Service Company's transmission system, with voltages from 34,500 to 345,000 volts, consists of 3,192 circuit miles. Northern Indiana Public Service Company is interconnected with five neighboring electric utilities. During the year ended December 31, 2006, Northern Indiana Public Service Company generated 81.1% and purchased 18.9% of its electric requirements.

*Other Operations.* We participate in energy-related services including gas marketing, power trading and gas risk management and ventures focused on distributed power generation technologies, including a cogeneration facility, fuel cells and storage systems. We own and operate the Whiting Clean Energy project, located at BP's Whiting, Indiana refinery. We also participate in real estate and other businesses.

### 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 March 2000 under the laws of the State of Indiana.

### 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 for general corporate purposes, including additions to working capital and repayment of existing indebtedness.

### RATIOS OF EARNINGS TO FIXED CHARGES

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

Nine Months Ended September 31, 2007	Fiscal Year Ended December 31				
	2006	2005	2004	2003	2002
2.31	2.22	1.95	2.55	2.29	2.07

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 were reserved for issuance upon the exercise of rights under NiSource's Shareholder Rights Plan. As of November 29, 2006, no rights may be exercised under NiSource's Shareholder Rights Plan.

#### Anti-Takeover Provisions

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. Members of NiSource's board of 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

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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. In addition, NiSource's bylaws provide that special meetings of stockholders may be called only by a majority of the total number of authorized directors and 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 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 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 designations or through amendments to NiSource's certificate of incorporation. If NiSource uses this prospectus to offer preferred stock, an accompanying prospectus supplement will describe the specific terms of the preferred stock. 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;

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- 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 designations.

## 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 Bank of New York (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as trustee. The Bank of New York, as trustee under the Indenture, will act as indenture trustee for the purposes of the Trust Indenture Act. We have incorporated by reference the Indenture as an exhibit to the registration statement of which this prospectus is 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

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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;

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- 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 depository 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 Public Service Company will not declare or pay any dividends on its common stock owned by NiSource except out of earned surplus or net profits.

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

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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 of 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.

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(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.)

### **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 or 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

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- 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, Inc., a subsidiary of NiSource, 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

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- 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 has become due solely by reason of 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 reason of the declaration;
- interest on overdue interest (if lawful); and
- sums paid or advanced by and amounts due to 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.)

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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 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.)

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### 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 depository 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 also facilitates the post-trade settlement among its direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between its direct participants’ accounts. This eliminates the need for physical movement of securities certificates. DTC’s direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation which, in turn, is owned by a number of DTC’s direct participants and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. The DTC rules applicable to 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’

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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 depository 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 depository 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 depository). 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.)

### **DESCRIPTION OF WARRANTS**

NiSource and NiSource Finance may issue warrants to purchase equity or debt securities, respectively. NiSource and NiSource Finance may issue warrants independently or together with any offered securities. The warrants may be attached to or separate from those offered securities. NiSource and NiSource Finance will issue the warrants under warrant agreements to be entered into between NiSource or NiSource Finance, as the case may be, and a bank or trust company, as warrant agent, all as described in the applicable prospectus supplement. The warrant

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agent will act solely as agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

The prospectus supplement relating to any warrants that we may offer will contain the specific terms of the warrants. These terms may include the following:

- the title of the warrants;
- the designation, amount and terms of the securities for which the warrants are exercisable;
- the designation and terms of the other securities, if any, with which the warrants are to be issued and the number of warrants issued with each other security;
- the price or prices at which the warrants will be issued;
- the aggregate number of warrants;
- any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;
- the price or prices at which the securities purchasable upon exercise of the warrants may be purchased;
- if applicable, the date on and after which the warrants and the securities purchasable upon exercise of the warrants will be separately transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the exercise of the warrants;
- any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants;
- the date on which the right to exercise the warrants will commence, and the date on which the right will expire;
- the maximum or minimum number of warrants that may be exercised at any time; and
- information with respect to book-entry procedures, if any.

### Exercise of Warrants

Each warrant will entitle the holder of warrants to purchase for cash the amount of equity or debt securities at the exercise price stated or determinable in the prospectus supplement for the warrants. Warrants may be exercised at any time up to the close of business on the expiration date shown in the applicable prospectus supplement, unless otherwise specified in such prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void. Warrants may be exercised as described in the applicable prospectus supplement. When the warrant holder makes the payment and properly completes and signs the warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, NiSource or NiSource Finance, as the case may be, will, as soon as possible, forward the equity or debt securities that the warrant holder has purchased. If the warrant holder exercises the warrant for less than all of the warrants represented by the warrant certificate, NiSource or NiSource Finance, as the case may be, will issue a new warrant certificate for the remaining warrants.

### DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

NiSource may issue stock purchase contracts, including contracts obligating holders to purchase from NiSource, and for NiSource to sell to the holders, a specified number of shares of common stock at a future date or dates. The price per share of common stock and the number of shares of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula stated in the stock purchase contracts.

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The stock purchase contracts may be issued separately or as part of units that we call “stock purchase units.” Stock purchase units consist of a stock purchase contract and either NiSource Finance’s debt securities or U.S. treasury securities securing the holders’ obligations to purchase the common stock under the stock purchase contracts.

The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice versa, and these payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations in a specified manner.

The applicable prospectus supplement will describe the terms of the stock purchase contracts or stock purchase units. The description in the prospectus supplement will only be a summary, and you should read the stock purchase contracts, and, if applicable, collateral or depositary arrangements, relating to the stock purchase contracts or stock purchase units. Material U.S. federal income tax considerations applicable to the stock purchase units and the stock purchase contracts will also be discussed in the applicable prospectus supplement.

### 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

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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 LLP, 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.

### EXPERTS

The consolidated financial statements, the related financial statement schedules, and management's report on the effectiveness of internal control over financial reporting of NiSource Inc. and subsidiaries incorporated in this prospectus by reference from NiSource's Annual Report on Form 10-K for the year ended December 31, 2006 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference (which report (1) expresses an unqualified opinion on the financial statements and financial statement schedules and includes an explanatory paragraph referring to the adoption of Financial Accounting Standards Board, or FASB, Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations, and FASB Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, (2) expresses an unqualified opinion on management's assessment regarding the effectiveness of internal control over financial reporting, and (3) expresses an unqualified opinion on the effectiveness of internal control over financial reporting), and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

# ***NiSource***



**Columbia Gas of Kentucky, Inc.**  
**CASE NO. 2013-00167**  
**Forecasted Test Period Filing Requirements**  
**Filing Requirement 12-k**

**Description of Filing Requirement:**

The most recent Federal Energy Regulatory Commission Form 1 (electric), Federal Energy Regulatory Commission Form 2 (gas), or Public Service Commission Form T (telephone);

**Response:**

Please refer to the attached.

**Responsible Witness:**

S. Mark Katko

Check appropriate box:

An Original Signed Form

Conformed Copy

Form Approved  
OMB No. 1902-0028  
(Expires 3/31/2005)



## FERC Form No. 2 ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

This report is mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR 260.1. Failure to report may result in criminal fines, civil penalties, another sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

<b>Exact Legal Name of Respondent (Company)</b> Columbia Gas of Kentucky, Inc.	<b>Year of Report</b> December 31, 2012
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FERC FORM No. 2 (1-99)

GENERAL INFORMATION

I. Purpose

This form is designed to collect financial and operational information from major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is a nonconfidential public use form.

II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must submit this form.

NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years.

III. What and Where to Submit

- (a) Submit the electronic medium in accordance with the procedures specified in 18 CFR § 385.2011 and an original and four (4) copies of this form to:

Office of the Secretary  
Federal Energy Regulatory Commission  
Washington, DC 20426

Retain one copy of this report for your files.

- (b) Submit immediately upon publication, four (4) copies of the latest annual report to stockholders and any *annual* financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant  
Federal Energy Regulatory Commission  
Washington, DC 20426

- (c) For the CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with current standards of reporting which will:

- (i) contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

GENERAL INFORMATION

- (ii) be signed by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States (See 18 CFR 158.10-158.12 for specific qualifications.)

<u>Schedules</u>	<u>Reference</u>
	<u>Pages</u>
Comparative Balance Sheet	110-113

Statement of Income	114-116
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122

Insert the letter or report immediately following the cover sheet of the original and each copy of this form.

- (d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirement free of charge from:

~~Public Reference and Files Maintenance Branch~~  
 Washington, DC 20426  
 (202) 208-2356

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 2,475 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, Washington, DC 20426 (Attention: Michael Miller, ED-12.4); and to the Office of Information and Regulatory Affairs, Office of the Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

You shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

**GENERAL INSTRUCTIONS**

- I. Prepare this report in conformity with the Uniform Systems of Accounts (18 CFR 201)(U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for statement of income accounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, either
  - (a) Enter the words "Not Applicable" on the particular page(s), or
  - (b) Omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below).
- VI. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ( ).
- VII. When making revisions, resubmit the electronic medium and only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the

resubmission the Identification and Attestation, page 1. Mail dated resubmissions to:  
Chief Accountant  
Federal Energy Regulatory Commission  
Washington, DC 20426

- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.
- IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in MMBtu and Dth.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format.
- XIII. Report footnotes on pages 551 and 552: Sort data on page 551 by page number. Sort data on page 552 by footnote number. The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule. Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule. For example, Gas Plant in Service ranges across pages 204 through 209. A footnote on page 207 would contain a page reference of 204.

#### DEFINITIONS

- I. Btu per cubic foot—The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32°F, and under standard gravitational force (980.665 cm. per sec. ) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value).
- II. Commission Authorization—The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the Commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm—A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV. Respondent—The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

#### EXCERPTS FROM THE LAW

[Natural Gas Act, 15 U.S.C. 717-717w]

"Sec.10(a). Every natural-gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest due and paid, depreciation, amortization, and other reserves, costs of facilities, cost of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, cost of renewal and replacement of such facilities, transportation, delivery, use, and sale of natural gas..."

"Sec. 16. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade

terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within which they shall be filed.."

**GENERAL PENALTIES**

"Sec.21(b). Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this act, shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding \$500 for each and every day during which such offense occurs."

**FERC FORM NO. 2:  
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES**

IDENTIFICATION		
01	Exact Legal Name of Respondent  COLUMBIA GAS OF KENTUCKY, INC.	02 Year of Report  December 31, 2012
03 Previous Name and Date of Change (If name changed during year)		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code)  2001 Mercer Road, P.O. Box 4241, Lexington, KY 40512-4241		
05	Name of Contact Person  June Konold	06 Title of Contact Person  Controller-Distribution Segment
07 Address of Contact person (Street, City, State, Zip Code)  200 Civic Center Drive, Columbus, OH 43215		
08	Telephone of Contact Person, including Area Code  (614) 460-5940	09 This report is  <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission
		10 Date of Report (Mo, Da, Yr)  March 31, 2013
ATTESTATION		
<p>The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.</p>		
11	Name  June Konold	12 Title  Controller-Distribution Segment
13	Signature  <i>June Konold</i>	14 Date Signed  <i>March 25, 2013</i>
<p>Title 78, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.</p>		



Name of Respondent	This Report Is:	Date of Report (Mo. Da. Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**List of Schedules ( Natural Gas Company )**

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	<b>GENERAL CORPORATE INFORMATION and FINANCIAL STATEMENTS</b>			
1	General Information	101		
2	Control over Respondent	102		
3	Security Holders and Voting Powers	107		
4	Important Changes During three Year	108		
5	Comparative Balance Sheet	110-113		
6	Statement of Income for the Year	114-116		
7	Statement of Accumulated Comprehensive Income and Hedging Activities	117		
8	Statement of Retained Earnings for the Year	118-119		
9	Statement of Cash Flows	120-121		
10	Notes to Financial Statements	122		
	<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>			
11	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
12	Gas Plant in Service	204-209		
13	Gas Property and Capacity Leased from Others	212		
14	Gas Property and Capacity Leased to Others	213		
15	Gas Plant Held for Future Use	214		
16	Construction Work in Progress - Gas	216		
17	General Description of Construction Overhead Procedures	218		
18	Accumulated Provision for Depreciation of Gas Utility Plant	219		
19	Gas Stored	220		
20	Investments	222-223		
21	Investments in Subsidiary Companies	224-225		
22	Prepayments	230		
23	Extraordinary Property Losses	230		
24	Unrecovered Plant and Regulatory Study Costs	230		
25	Other Regulatory Assets	232		
26	Miscellaneous Deferred Debits	233		
27	Accumulated Deferred Income Taxes	234-235		
	<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)</b>			
28	Capital Stock	250-251		
29	Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
30	Other Paid in Capital	253		
31	Discount on Capital Stock	254		
32	Capital Stock Expense	254		
33	Securities issued or Assumed and Securities Refunded or Retired during the Year	255		
34	Long-Term Debt	256-257		
35	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		
36	Unamortized Loss and Gain on Reacquired Debt	260		

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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List of Schedules ( Natural Gas Company ) (continued)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA".

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
36	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		
37	Taxes Accrued, Prepaid, and Changes During Year	262-263		
38	Miscellaneous Current and Accrued Liabilities	268		
39	Other Deferred Credits	269		
40	Accumulated Deferred Income Taxes-Other Property	274-275		
41	Accumulated Deferred Income Taxes-Other	278-277		
42	Other Regulatory Liabilities	278		
	<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>			
43	Gas Operating Revenues	300-301		
44	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		
45	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		
46	Revenues from Storage Gas of Others	308-307		
47	Other Gas Revenues	308		
48	Gas Operation and Maintenance Expenses	317-325		
49	Exchange of Imbalance Transactions	328		
50	Gas used in Utility Operations	331		
51	Transmission and Compression of Gas by Others	332		
52	Other Gas Supply Expenses	334		
53	Miscellaneous General Expenses-Gas	335		
54	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
55	Particulars Concerning Certain Income Deductions and Interest Charges Accounts	340		
	<b>COMMON SECTION</b>			
56	Regulatory Commission Expenses	350-351		
57	Distribution of Salaries and Wages	354-355		
58	Charges for Outside Professional and Other Consultative Services	357		
	<b>GAS PLANT STATISTICAL DATA</b>			
59	Compressor Stations	508-509		
60	Gas Storage Projects	512-513		
61	Transmission Lines	514		
62	Transmission System Peak Deliveries	518		
63	Auxiliary Peaking Facilities	519		
64	Gas Account-Natural Gas	520		
65	System Map	522		
66	Footnote Reference	551		
67	Footnote Text	552		
68	Stockholder's Reports ( check appropriate box )			

- Four copies will be submitted
- No annual report to stockholders is prepared

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.,Da.,Yr.) March 31, 2013	Year of Report Dec. 31, 2012
<b>GENERAL INFORMATION</b>			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p style="text-align: center;">June Konold, Controller-Distribution Segment 200 Civic Center Drive Columbus, OH 43215</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p style="text-align: center;">Incorporated in Kentucky - October 11, 1906, as Central Kentucky Natural Gas Company. Name changed to Columbia Gas of Kentucky, Inc. effective January 1, 1958.</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>Not Applicable.</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>Purchase and distribution, at retail and wholesale, natural gas within the Commonwealth of Kentucky, and off-system sales in the states of Louisiana, Ohio, Tennessee, West Virginia, and the Commonwealth of Kentucky. Respondent also transports natural gas to industrial and commercial consumers under transportation service rate schedules.</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) <input type="checkbox"/> Yes Enter the date when such independent accountant was initially engaged: (2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**CONTROL OVER RESPONDENT**

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.

2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.

3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	NISource Inc.	M	Delaware	100%
2	Columbia Energy Group	D	Delaware	100%

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec 31, 2012
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**SECURITY HOLDERS AND VOTING POWERS**

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security

became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and in a footnote, state the purpose of such closing:

June 1, 2012  
Election of Directors

2. State the number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy

Total: 952,248  
By proxy: —

3. Give the date and place of such meeting:  
June 1, 2012 By  
Unanimous Written  
Consent

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4. Number of votes as of (date): December 31, 2012					
5	TOTAL votes of all voting securities	952,248	952,248	-	-
6	TOTAL number of security holders	1	1	-	-
7	TOTAL votes of security holders listed below	952,248	952,248	-	-
8					
9	Columbia Energy Group				
10	200 Civic Center Drive				
11	Columbus, OH 43215				
12					
13					
14					
15					
16					
17					

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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**IMPORTANT CHANGES DURING THE YEAR**

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by re-organization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual

revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.

- 1. None
- 2. None
- 3. None
- 4. None
- 5. None
- 6. None
- 7. None
- 8. None

Name of Respondent	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec. 31, 2012
COLUMBIA GAS OF KENTUCKY, INC.			

**IMPORTANT CHANGES DURING THE YEAR (Continued)**

- 9. None
- 10. None
- 11. None

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/2013	Year of Report End of 2012/Q4
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (d)	Balance at End of Previous Year (In Dollars) (c)
<b>1</b>	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	318,324,480	302,594,514
3	Construction Work in Progress (107)	200-201	2,881,175	2,631,216
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	321,185,655	305,225,730
5	(Less) Accum Provision for Depr, Amort, Depi (108,111,115)		131,057,555	128,016,793
6	Net Utility Plant (Total of line 4 less 5)		190,128,100	177,208,937
7	Nuclear Fuel(120.1 thru 120.4, and 120.6)		0	0
8	(Less) Accum Provision for Amort. of Nuclear Fuel Assemblies (120.5)		0	0
9	Nuclear Fuel ( Total of line 7 less 8)		0	0
10	Net Utility Plant (Total of lines 6 and 9)		190,128,100	177,208,937
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored- Base Gas (117 1)	220	0	0
13	System Balancing Gas (117 2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220	0	0
15	Gas Owned to System Gas(117.4)	220	0	0
<b>16</b>	<b>OTHER PROPERTY AND INVESTMENTS</b>			
17	Nonutility Property (121)		0	0
18	(Less) Accum Provision for Depreciation and Amortization (122)		0	0
19	Investments in Associated Companies (123)	222-223	0	0
20	Investments in Subsidiary Companies (123 1)	224-226	433,007	404,411
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances		0	0
23	Other Investments (124)	222-223	0	0
24	Sinking Funds (125)		0	0
25	Depreciation Fund (126)		0	0
26	Amortization Fund - Federal (127)		0	0
27	Other Special Funds (128)		0	0
28	Long - Term Portion of Derivative Assets (175)		0	0
29	Long - Term Portion of Derivative Assets - Hedges (176)		0	0
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		433,007	404,411
<b>31</b>	<b>CURRENT AND ACCRUED ASSETS</b>			
32	Cash (131)		1,509,747	457,514
33	Special Deposits (132-134)		0	0
34	Working Funds (135)		0	0
35	Temporary Cash Investments (136)	222-223	2,230,731	2,119,693
36	Notes Receivable (141)		0	0
37	Customer Accounts Receivable (142)		8,148,462	10,236,313
38	Other Accounts Receivable (143)		3,127,251	545,458
39	(Less) Accum Provision for Uncollectible Accounts - Credit (144)		263,717	366,905
40	Notes Receivable from Associated Companies (145)		0	0
41	Accounts Receivable from Associated Companies (146)		26,884,537	32,939,293
42	Fuel Stock (151)		0	0
43	Fuel Stock Expenses Undistributed (152)		0	0

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/2013	Year of Report End of 2012/Q4
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at End of Previous Year (In Dollars) (d)
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0
45	Plant Materials and Operating Supplies (154)		71,317	73,295
46	Merchandise (155)		0	0
47	Other Materials and Supplies (156)		0	0
48	Nuclear Materials Held for Sale (157)		0	0
49	Allowances (158.1 and 158.2)		0	0
50	(Less) Noncurrent Portion of Allowances		0	0
51	Stores Expense Undistributed (163)		0	0
52	Gas Stored Underground - Current (164.1)	220	44,113,564	47,816,448
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0
54	Prepayments (166)	230	530,345	533,523
55	Advances for Gas (166 thru 167)		0	0
56	Interest and Dividends Receivable (171)		126,533	9,868
57	Rents Receivable (172)		0	0
58	Accrued Utility Revenues (173)		11,345,227	11,005,741
59	Miscellaneous Current and Accrued Assets (174)		2,564,164	2,356,801
60	Derivative Instrument Assets (175)		0	0
61	(Less) Long-Term Portion of Derivative Instrument Assets - (175)		0	0
62	Derivative Instrument Assets - Hedges (176)		0	0
63	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
64	Total Current and Accrued Assets (Enter total of lines 32 thru 63)		100,388,151	107,727,042
65	<b>DEFERRED DEBITS</b>			
66	Unamortized Debt Expense (181)		0	0
67	Extraordinary Property Losses (182.1)	230	0	0
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
69	Other Regulatory Assets (182.3)	232	17,518,378	17,267,531
70	Preliminary Survey and Investigation Charges (Electric) (183)		0	0
71	Prelim. Survey and Investigation Charges (Gas) (183.1 and 183.2)		578,141	339,380
72	Clearing Accounts (184)		0	0
73	Temporary Facilities (185)		0	0
74	Miscellaneous Deferred Debits (186)	233	2,628,448	1,487,252
75	Deferred Losses from Disposition of Utility Plant (187)		0	0
76	Research, Development, and Demonstration Expend. (188)		0	0
77	Unamortized Loss on Reacquired Debt (189)		0	0
78	Accumulated Deferred Income Taxes (190)	234-235	8,128,816	6,997,091
79	Unrecovered Purchased Gas Costs (191)		(9,576,635)	(8,208,734)
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		19,277,148	17,882,520
81	TOTAL Assets and Other Debits (Total of lines 10-15, 30,64 and 80)		310,226,406	303,222,910

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/2013	Year of Report End of 2012/Q4
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at End of Previous Year (In Dollars) (d)
<b>1</b>	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	23,806,200	23,806,200
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	5,582,727	5,582,727
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215 1, 216)	118-119	62,468,377	60,952,652
12	Unappropriated Undistributed Subsidiary Earnings (216 1)	118-119	0	0
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	0	0
<b>15</b>	<b>TOTAL Proprietary Capital (Total of lines 2 thru 14)</b>		<b>91,857,304</b>	<b>90,341,579</b>
<b>16</b>	<b>LONG TERM DEBT</b>			
17	Bonds (221)	256-257	0	0
18	(Less) Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	53,335,000	82,055,000
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	(Less) Unamortized Discount on Long-Term Debt- Dr (226)	258-259	0	0
23	(Less) Current Portion of Long-Term Debt		0	0
<b>24</b>	<b>TOTAL Long-Term Debt (Total of lines 17 thru 23)</b>		<b>53,335,000</b>	<b>82,055,000</b>
<b>25</b>	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228 1)		0	0
28	Accumulated Provision for Injuries and Damages (228 2)		141,258	132,580
29	Accumulated Provision for Pensions and Benefits (228 3)		11,715,412	8,915,284
30	Accumulated Miscellaneous Operating Provisions (228 4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0

Name of Respondent COLUMBIA GAS of KENTUCKY, Inc.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/31/2013	Year of Report End of 2012/Q4
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (CONTINUED)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (In Dollars) (c)	Balance at End of Previous Year (In Dollars) (d)
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		11,856,670	9,047,864
36	<b>CURRENT AND ACCRUED LIABILITIES</b>			
37	Current Portion of Long-term Debt		0	0
38	Notes Payable (231)		0	0
39	Accounts Payable (232)		7,923,289	9,316,947
40	Notes Payable to Associated Companies (233)		28,720,000	0
41	Accounts Payable to Associated Companies (234)		4,058,834	4,124,210
42	Customer Deposits (235)		2,503,660	2,741,028
43	Taxes Accrued (236)	262-263	7,973,354	3,279,477
44	Interest Accrued (237)		83,324	28,162
45	Dividends Declared (238)		0	0
46	Matured Long-Term Debt (239)		0	0
47	Matured Interest (240)		0	0
48	Tax Collections Payable (241)		1,064,771	1,159,638
49	Miscellaneous Current and Accrued Liabilities (242)	268	32,708,229	42,617,152
50	Obligations Under Capital Leases - Current (243)		0	0
51	Derivative Instrument Liabilities (244)		1,695,270	1,724,650
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
53	Derivative Instrument Liabilities - Hedges (245)		0	0
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		86,730,731	64,991,264
56	<b>DEFERRED CREDITS</b>			
57	Customer Advances for Construction (252)		3,203,803	1,322,769
58	Accumulated Deferred Investment Tax Credits (255)		433,009	513,181
59	Deferred Gains from Disposition of Utility Plant (256)		0	0
60	Other Deferred Credits (253)	269	2,280,182	2,158,615
61	Other Regulatory Credits (254)	278	5,883,878	5,735,346
62	Unamortized Gain on Reacquired Debt (257)	260	0	0
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0
64	Accumulated Deferred Income Taxes - Other Property (282)		52,934,908	44,948,720
65	Accumulated Deferred Income Taxes - Other (283)		1,710,921	2,108,572
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		66,446,701	56,787,203
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55 and 66)		310,226,406	303,222,910

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2013	Year of Report End of 2012/Q4
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**STATEMENT OF INCOME FOR THE YEAR**

1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (I,J) in a similar manner to a utility department. Spread the amount (s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
2. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
3. Report data for lines 7,9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

Line No.	Account  (a)	(Ref.) Page No.  (b)	TOTAL	
			Current Year  (c)	Previous Year  (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	101,085,453	145,314,143
3	Operating Expenses			
4	Operation Expenses (401)	317-325	72,845,370	114,689,692
5	Maintenance Expenses (402)	317-325	2,949,757	2,493,936
6	Depreciation Expense (403)	336-338	5,964,266	5,666,796
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338		
8	Amort. & Depl. of Utility Plant (404-405)	336-338	712,291	516,150
9	Amort. of Utility Plant Acq. Adj. (406)	336-338	0	0
10	Amort of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)		0	0
11	Amort. of Conversion Expenses (407.2)		0	0
12	Regulatory Debits (407.3)		0	0
13	(Less) Regulatory Credits (407.4)		0	0
14	Taxes Other Than Income Taxes (408.1)	262-263	2,913,006	2,770,428
15	Income Taxes - Federal (409.1)	262-263	(3,061,429)	(2,002,740)
16	Income Taxes - Other (409.1)	262-263	110,056	(108,432)
17	Provision for Deferred Income Taxes (410.1)	234-235	10,842,477	11,061,916
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234-235	4,655,005	3,433,392
19	Investment Tax Credit Adj. - Net (411.4)		(80,172)	(82,146)
20	(Less) Gains from Disp. of Utility Plant (411.6)		0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0
23	Losses from Disposition of Allowances (411.9)		0	0
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		88,540,617	131,572,208
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 116, line 27)		12,544,836	13,741,935

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2013	Year of Report End of 2012/Q4
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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to may be attached at page 122.  
year which had an effect on net income, including the

basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.  
tional utility departments, supply the appropriate account

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
		101,085,453	145,314,143		-	1
						2
						3
		72,845,370	114,689,692	-	-	4
		2,949,757	2,493,936	-	-	5
		5,964,266	5,666,796	-	-	6
						7
		712,291	516,150	-	-	8
		0	0	-	-	9
		0	0	-	-	10
		0	0	-	-	
		0	0	-	-	11
		0	0	-	-	12
		0	0	-	-	13
		2,913,006	2,770,428	-	-	14
		(3,061,429)	(2,002,740)	-	-	15
		110,056	(108,432)	-	-	16
		10,842,477	11,061,916	-	-	17
		4,655,005	3,433,392	-	-	18
		(80,172)	(82,146)	-	-	19
		0	0	-	-	20
		0	0	-	-	21
		0	0	-	-	22
		0	0	-	-	23
						24
		88,540,617	131,572,208	-	-	25
		12,544,836	13,741,935	-	-	26

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2013	Year of Report End of 2012/Q4
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**STATEMENT OF INCOME FOR THE YEAR (CONTINUED)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in Dollars) (c)	Balance at End of Previous Year (in Dollars) (d)
27	Net Utility Operating Income (Carried Forward from page 114)		12,544,836	13,741,935
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)		0	0
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)		0	0
33	Revenues From Nonutility Operations (417)		447,209	535,976
34	(Less) Expenses of Nonutility Operations (417.1)		0	0
35	Nonoperating Rental Income (418)		28,596	49,725
36	Equity In Earnings of Subsidiary Companies (418.1)	119	0	0
37	Interest and Dividend Income (419)		784,300	897,084
38	Allowance for Other Funds Used During Construction (419.1)		0	0
39	Miscellaneous Nonoperations Income (421)		1,583,398	1,949,927
40	Gain on Disposition of Property (421.1)		0	0
41	TOTAL Other Income (Total of Lines 31 Thru 40)		2,843,503	3,432,712
42	OTHER INCOME DEDUCTIONS			
43	Loss on Disposition of Property (421.2)		0	0
44	Miscellaneous Amortization (425)		0	0
45	Donations (426.1)	340	144,621	151,069
46	Life Insurance (426.2)		0	0
47	Penalties (426.3)		54	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		9	0
49	Other Deductions (426.5)		198,646	239,848
50	TOTAL Other Income Deductions (Total of Lines 43 Thru 49)	340	343,330	390,917
51	TAXES APPLIC TO OTHER INCOME AND DEDUCTIONS			
52	Taxes Other Than Income Taxes (408.2)	262-263	0	0
53	Income Taxes - Federal (409.2)	262-263	1,573,302	1,131,026
54	Income Taxes - Other (409.2)	262-263	143,537	181,108
55	Provision for Deferred Income Taxes (410.2)	234-235,274-277	151,571	7,998
56	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234-235,274-277	58,620	201,519
57	Investment Tax Credit Adj. - Net (411.5)		0	0
58	(Less) Investment Tax Credits (420)		0	0
59	TOTAL Taxes on Other Income and Deductions (Total of Lines 52-58)		1,811,790	1,118,613
60	NET Other Income and Deductions (Total of Lines 41, 50, 59)		688,383	1,923,182
61	INTEREST CHARGES			
62	Interest on Long Term Debt (427)		0	0
63	Amort. Of Debt Disc. and Expense (428)	258-259	0	0
64	Amortization of Loss on Required Debt (428.1)		0	0
65	(Less) Amort. of Premium on Debt-Credit (429)	258-259	0	0
66	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)		0	0
67	Interest on Debt to Associated Companies (430)	340	4,872,202	4,659,436
68	Other Interest Expense (431)	340	87,686	169,242
69	(Less) Allowance for Borrowed Funds Used During Const. - Cr. (432)		42,394	17,824
70	NET Interest Charges (Total of Lines 62 Thru 69)		4,717,494	4,810,854
71	Income Before Extraordinary Items (Total of Lines 27, 60, 70)		8,515,725	10,854,263
72	EXTRAORDINARY ITEMS			
73	Extraordinary Items (434)		0	0
74	(Less) Extraordinary Deductions (435)		0	0
75	NET Extraordinary Items (Total of Line 73 Less Line 74)		0	0
76	Income Taxes - Federal and Other (409.3)	262-263	0	0
77	Extraordinary Items After Taxes (Total of Line 75 Less Line 76)		0	0
78	NET INCOME (Total of Lines 71 and 77)		8,515,725	10,854,263

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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>	
<b>Statement of Accumulated Comprehensive Income and Hedging Activities</b>					
1. Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.					
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.					
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.					
Line No.	Item  (a)	Unrealized Gains and Losses on available for sale securities (b)	Minimum Pension Liability Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Year Reclassification from Account 219 to Net Income				
3	Preceding Year Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Year/Beginning of Current Year				
6	Current Year Reclassifications from Account 219 to Net Income				
7	Current Year Changes in Fair Value				
8	Total (lines 6 and 7)				
9	Balance of Account 219 at End of Current Year				

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
<b>Statement of Accumulated Comprehensive Income and Hedging Activities</b>					
Line No.	Other Cash Flow Hedges (Specify) (f)	Other Cash Flow Hedges (Specify) (g)	Totals for each Category of Items recorded in Account 219 (h)	Net Income (Carried Forward from Page 116, Line 72) (i)	Total Comprehensive Income (j)
1					
2					
3					
4					
5					
6					
7					
8					

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.  
 2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.  
 4. List first account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.  
 5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
<b>UNAPPROPRIATED RETAINED EARNINGS</b>				
1	Balance-Beginning of Year		60,952,652	60,248,068
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)* <i>see footnote at bottom</i>			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)		0	95,297
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)		0	(244,978)
6	Balance Transferred from Income (Acct 433 less Acct 418 1)		8,515,725	10,854,263
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436)			
9	Dividends Declared- Preferred Stock (Account 437)			
10	TOTAL Dividends Declared -Preferred Stock (Account 437)			
11	Dividends Declared - Common Stock (Account 438)			
11 01	Common Stock Dividends		7,000,000	10,000,000
11 02				
11 03				
12	TOTAL Dividends Declared -Common Stock (Account 438) (Total of Lines 11 01 thru 11 03)		7,000,000	10,000,000
12a	Rounding Adjustment		0	2
13	Transfers from Account 216 1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Year (Total of lines 1,4,5,6,8,10,12 and 13)		62,468,377	60,952,652
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>				
15	TOTAL Appropriated Retained Earnings (Account 215)(footnote)			
	APPROPRIATED RETAINED EARNINGS-AMORTIZED RESERVE,FEDERAL(Account 215.1)			
16	TOTAL Appropriated Retained Earnings-Amortization Reserve,Federal (Account 215.1)			
17	TOTAL Appropriated Retained Earnings(Accounts 215,215.1) Total of Lines			
18	Total Retained Earnings (Accounts 215,215.1,216)(Totals of Line 14 and 18)		62,468,377	60,952,652
<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS(Account 216.1)</b>				
19	Balance-Beginning of Year(Debit or Credit)			
20	Equity In Earnings for Year(Credit)(Account 418.1)			
21	(Less)Dividends Received(Debit)			
22	Other Changes (Explain)			
23	Balance-End of Year (Total of lines 1,4,5,6,8,10,12 and 13)			

\*Adjustment to retained earnings due to rounding

Name of Respondent	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**STATEMENT OF CASH FLOWS**

1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities - Other: Includes gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
1	<b>Net Cash Flow from Operating Activities:</b>		
2	Net Income (Line 72(c) on page 116)	8,515,725	10,854,263
3	<b>Noncash Charges (Credits) to Income:</b>		
4	Depreciation and Depletion	6,676,557	6,182,945
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments		
6	Deferred Income Taxes (Net)	7,588,537	7,108,828
7	Investment Tax Credit Adjustments (Net)	(80,172)	(82,148)
8	Net (Increase) Decrease in Receivables	5,457,636	10,184,075
9	Net (Increase) Decrease in Inventory	1,978	(2,007)
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	(11,367,957)	(227,112)
12	Net (Increase) Decrease in Other Regulatory Assets	(250,847)	(3,423,228)
13	Net Increase (Decrease) in Other Regulatory Liabilities	148,532	(1,086,313)
14	(Less) Allowance for Other Funds Used During Construction		
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other: (See Notes on Page 122)	11,068,983	(5,162,128)
17	<b>Net Cash Provided by (Used In) Operating Activities</b>		
18	(Total of lines 2 thru 16)	27,758,972	24,357,177
19			
20	<b>Cash Flows from Investment Activities:</b>		
21	<b>Construction and Acquisition of Plant (including land):</b>		
22	Gross Additions to Utility Plant (less nuclear fuel)		
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant	(19,595,720)	(15,080,262)
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction		
27	Other: Changes in Accrued Plant in Service		
28	<b>Cash Outflows for Plant (Total of lines 22 thru 27)</b>	(19,595,720)	(15,080,262)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)		
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies		
34	Contributions and Advances from Assoc. and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**STATEMENT OF CASH FLOWS (Continued)**

4. Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.
5. Codes used:  
 (a) Net proceeds or payments.  
 (b) Bonds, debentures and other long-term debt.  
 (c) Include commercial paper.  
 (d) Identify separately such items as investments, fixed assets, intangibles, etc.
6. Enter on page 122 clarifications and explanations.
7. At lines 5,16,27,47,56,58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5 01, 5 02, etc.

Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other:		
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47)	(19,595,720)	(15,080,262)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	0	0
54	Preferred Stock		
55	Common Stock		
56	Other:		
57	Net Increase in Short-Term Debt (c)		
58	Other:		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	0	0
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)		
63	Preferred Stock		
64	Common Stock		
65	Other:		
66	Net Decrease in Short-Term Debt (c)		
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	(7,000,000)	(10,000,000)
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	(7,000,000)	(10,000,000)
72	Adjustment to Retained Earnings for 2012	0	(149,681)
73			
74	Net Increase (Decrease) in Cash and Cash Equivalents		
75	(Total of lines 48, 49 and 71)	1,163,252	(872,766)
76			
77	Cash and Cash Equivalents at Beginning of Year	2,577,207	3,449,973
78			
79	Cash and Cash Equivalents at End of Year	3,740,459	2,577,207

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) March 31, 2013	Dec. 31, 2012
<b>NOTES TO FINANCIAL STATEMENT</b>			
<p>1 Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.</p> <p>2 Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.</p> <p>3 Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets.</p> <p>4 Where Account 189, <i>Unamortized Loss on Recquired Debt</i>, and 257, <i>Unamortized Gain on Recquired Debt</i>, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.</p> <p>5 Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>6 Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.</p> <p>7 Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.</p> <p>8 Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.</p> <p>9 Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p>			
<b>Notes to Statement of Cash Flows- Pages 120-121</b>			
<b>Other Non-Cash Charges (Credits) to Income (Line 16)</b>			
Unrecovered Purchased Gas Costs		1,367,901	
Gas Stored Underground - Current		3,702,884	
Prepayments		3,178	
Accrued Utility Revenues		(339,486)	
Miscellaneous Current and Accrued Assets		(207,363)	
Miscellaneous Deferred Debts		(1,286,457)	
Preliminary Surveying and Investigation Charges		(238,761)	
Accumulated Deferred Income Taxes - Asset		(1,131,725)	
Accumulated Provision for Injuries and Damages		8,678	
Obligations for Capital Leases		-	
Obligations Under Capital Leases - Noncurrent		-	
Customer Deposits		(237,368)	
Accrued Taxes		4,893,858	
Customer Advances for Construction		1,881,034	
Other Deferred Credits		81,862	
Derivative Instrument Assets - Credit		(29,380)	
Derivative Instrument Assets - Debit		-	
Accumulated Other Comprehensive Income		-	
Accumulated Provision for Pension and Benefits		2,800,128	
Other Special Funds		-	
FAS 158 Measurement		-	
Other		-	
		<u>\$ 11,068,983</u>	
Cash Paid for Interest During 2012		<u>\$ 4,772,656</u>	
Cash Paid for Income Taxes (net of refunds) During 2012		<u>\$ (1,401,721)</u>	

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) March 31, 2013	Year of Report Dec. 31, 2012
<b>NOTES TO FINANCIAL STATEMENTS (Continued)</b>			
<b>Notes to Statement of Cash Flows - Pages 120 - 121 (Continued)</b>			
<u>Cash and Cash Equivalents at End of Year: Line 78</u>			
Cash (Account 131)	\$ 1,509,747		
Working Funds (Account 135)	-		
Temporary Cash Investments (Account 136)	2,230,731		
	<u>\$ 3,740,478</u>		
<b><u>Pension Plans</u></b>			
<p>The respondent participates in the Columbia Energy Group's noncontributory, qualified defined benefit pension plan covering essentially all employees. Benefits are based primarily on years of credited service and employees' highest three-year average annual compensation in the final five years of service. Columbia's funding policy complies with Federal law and tax regulations. Cash contributions for pension plans were \$0 in 2012. Accounting for pension plans is in compliance with Accounting Standards Codification (ASC) No. 715.</p>			
<b><u>Other Post-Retirement Benefits</u></b>			
<p>The respondent provides medical coverage and life insurance to retirees. Essentially all active employees are eligible for these benefits upon retirement after completing ten consecutive years of service after age 45. Normally, spouses and dependents of retirees are also eligible for medical benefits. Funding for retiree life insurance is through a voluntary employee beneficiary association trust to which annual contributions are made, subject to the maximum tax-deductible limit. Funding for retiree medical costs is through two trusts and a 401(h) account. Cash contributions for retiree life insurance and medical costs are \$800,000 for 2012. Accounting for other post retirement benefits is in compliance with ASC No. 715. Additionally, the respondent has deferred as a regulatory asset transition obligations related to other post retirement benefits in compliance with ASC No. 980. The regulatory asset is being amortized over an eighteen year period (November 1994 - October 2012).</p>			
<b><u>Other Post-Employment Benefits</u></b>			
<p>The respondent provides benefits to former or inactive employees after employment, but before retirement. Such benefits include, but are not limited to, salary continuation, supplemental unemployment, severance, disability, job training, counseling, and continuation of benefits such as health care and life insurance coverage. No cash contributions were made in 2012. Accounting for other post-employment benefits is in compliance with ASC No. 712. Additionally, the respondent has deferred as a regulatory asset these obligations in compliance with ASC No. 980. The regulatory asset is being amortized over a nineteen year period (November 1994 - October 2013).</p>			

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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)
1	<b>UTILITY PLANT</b>	
2	<b>In Service</b>	
3	Plant In Service (Classified)	311,259,119
4	Property Under Capital Leases	*
5	Plant Purchased or Sold	-
6	Completed Construction not Classified	7,065,361
7	Experimental Plant Unclassified	-
8	<b>TOTAL Utility Plant (Total of lines 3 thru 7)</b>	<b>318,324,480</b>
9	Leased to Others	-
10	Held for Future Use	
11	Construction Work In Progress	** 2,861,175
12	Acquisition Adjustments	0
13	<b>TOTAL Utility Plant (Total of lines 8 thru 12)</b>	<b>321,185,655</b>
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	131,057,555
15	<b>Net Utility Plant (Total of lines 13 and 14)</b>	<b>190,128,100</b>
16	<b>DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION</b>	
17	<b>In Service:</b>	
18	Depreciation	127,774,950
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	-
20	Amortization of Underground Storage Land and Land Rights	-
21	Amortization of Other Utility Plant	3,282,605
22	<b>TOTAL In Service (Total of lines 18 thru 21)</b>	<b>131,057,555</b>
23	<b>Leased to Others</b>	
24	Depreciation	-
25	Amortization and Depletion	-
26	<b>TOTAL Leased to Others (Total of lines 24 and 25)</b>	-
27	<b>Held for Future Use</b>	
28	Depreciation	-
29	Amortization	-
30	<b>TOTAL Held for Future Use (Total of lines 28 and 29)</b>	-
31	Abandonment of Leases (Natural Gas)	-
32	Amortization of Plant Acquisition Adjustment	-
33	<b>TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22,26,30,31,</b>	<b>131,057,555</b>

\* Net of Accumulated Amortization

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)**

Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line No.
				1
				2
	311,259,119			3
	*			4
	-			5
	7,065,361			6
	-			7
	318,324,480			8
	-			9
				10
	2,861,175			11
				12
	321,185,655			13
	131,057,555			14
	190,128,100			15
				16
				17
	127,774,950			18
	-			19
	-			20
	3,282,605			21
	131,057,555			22
				23
	-			24
	-			25
	-			26
				27
	-			28
	-			29
	-			30
	-			31
	-			32
	131,057,555			33

\* Net of Accumulated Amortization

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)**

- |  |   |
|--|---|
| <p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to account 101, <i>Gas Plant in Service (Classified)</i>, this page and the next include <i>Account 102, Gas Plant Purchased Or Sold</i>, <i>Account 103, Experimental Gas Plant Unclassified</i>, and <i>Account 106, Completed Construction Not Classified-Gas</i>.</p> <p>3. Include in column (c) and (d), as appropriate, corrections of additions or retirements for the current or preceding year.</p> <p>4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts on an estimated basis if necessary, and include the entries</p> | <p>in column (c). Also to be included in column (c) are entries for reversals of tentative distribution of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),</p> |
|--|---|

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	521	-
3	302 Franchises and Consents	-	-
4	303 Miscellaneous Intangible Plant	2,357,522	777,587
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	2,358,043	777,587
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Land		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Meas. and Reg. Sta. Structures		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines		
20	333 Field Compressor Station Equipment		
21	334 Field Meas. and Reg. Sta. Equipment		
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration & Devel. Costs		
26	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	-	-
27	PRODUCTION EXTRACTION PLANT		

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**GAS PLANT IN SERVICE (ACCOUNTS 101, 102 103, AND 106) (Continued)**

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in col-

umn (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			521	2
-	-	-	-	3
210,770	-	-	2,924,339	4
210,770	-	-	2,924,860	5
				6
				7
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Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)</b>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment			
35	347 Other Equipment			
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)	-		-
37	TOTAL Natural gas Production Plant (Enter Total of lines 26 thru 36)	-		-
38	Manufactured Gas Production Plant ( <i>Submit Supplemental Statement</i> )	7,678		-
39	TOTAL Production Plant (Enter Total of lines 37 thru 38)	7,678		-
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land			
43	350.2 Rights-of-Way			
44	351 Structures and Improvements			
45	352 Wells			
46	352.1 Storage Leaseholds and Rights			
47	352.2 Reservoirs			
48	352.3 Non-recoverable Natural Gas			
49	353 Lines			
40	354 Compressor Station Equipment			
51	355 Measuring and Reg. Equipment			
52	356 Purification Equipment			
53	357 Other Equipment			
54	TOTAL Underground Storage Plant	-		-
55	Other Storage Plant			
56	360 Land and Land Rights			
57	361 Structures and Improvements			
58	362 Gas Holders			
59	363 Purification Equipment			
60	363.1 Liquefaction Equipment			
61	363.2 Vaporizing Equipment			
62	363.3 Compressor Equipment			
63	363.4 Meas. and Reg. Equipment			
64	363.5 Other Equipment			
65	TOTAL Other Storage Plant	-		-
66	Base Load Liquefied Natural Gas Terminating and Processing Plant			
67	364.1 Land and Land Rights			
68	364.2 Structures and Improvements			
69	364.3 LNG Processing Terminal Equipment			
70	364.4 LNG Transportation Equipment			
71	364.5 Measuring and Regulating Equipment			
72	364.6 Compressor Station Equipment			
73	364.7 Communications Equipment			
74	364.8 Other Equipment			
75	TOTAL Base Load Liquefied Natural Gas, Terminating and Processing			
76	TOTAL Natural Gas Storage and Processing Plant	-		-
77	TRANSMISSION PLANT			
78	365.1 Land and Land Rights			
79	365.2 Rights-of-Way			
80	366 Structures and Improvements			

Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				34
				35
				36
				37
-	-	-	7,678	38
-	-	-	7,678	39
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Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)</b>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34				
35	<u>Manufactured Plant</u>			
36	<u>Production Plant</u>			
37	<u>Liquefied Petroleum</u>			
38	<u>Gas Air Plant</u>			
39				
40	304 Land & Land Rights	7,678	-	
41	305 Structures & Improvements	-	-	
42	311 Liquefied Petroleum Gas Equipment	-	-	
43				
44	Total Manufactured Gas Production Plant			
45	Pages 206 and 207, Line 38	7,678	-	
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Name of Respondent		This Report Is:		Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		(Mo.Da.Yr.) March 31, 2013	Dec. 31, 2012
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					34
					35
					36
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					38
					39
-	-	-		7,678	40
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-	-	-		-	42
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-	-	-		7,678	45
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Name of Respondent		This Report is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)</b>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains			
82	368 Compressor Station Equipment			
83	369 Measuring and Regulation Station Equipment			
84	370 Communications Equipment			
85	371 Other Equipment			
86	TOTAL Transmission Plant (Enter Totals of lines 78-85)	-		-
87	<b>DISTRIBUTION PLANT</b>			
88	374 Land and Land Rights	4,141,324		22,545
89	375 Structures and Improvements	8,142,016		193,688
90	376 Mains	153,055,827		9,564,752
91	377 Compressor Station Equipment			-
92	378 Meas. and Reg. Sta. Equip.-General	5,126,529		423,474
93	379 Meas. and Reg. Sta. Equip.-City Gate	257,909		-
94	380 Services	91,144,146		5,798,367
95	381 Meters	12,264,353		820,589
96	382 Meter Installations	8,079,339		179,931
97	383 House Regulators	4,547,720		340,566
98	384 House Reg. Installations	2,282,264		-
99	385 Industrial Meas. and Reg. Sta. Equipment	2,674,777		162,804
100	386 Other Prop. on Customers' Premises	-		-
101	387 Other Equipment	3,380,085		121,679
102	TOTAL Distribution Plant (Enter Totals of lines 88-101)	295,096,289		17,628,395
103	<b>GENERAL PLANT</b>			
104	389 Land and Land Rights	-		-
105	390 Structures and Improvements	-		-
106	391 Office Furniture and Equipment	1,775,866		15,772
107	392 Transportation Equipment	141,081		48,924
108	393 Stores Equipment	-		-
109	394 Tools, Shop, and Garage Equipment	2,430,489		156,992
110	395 Laboratory Equipment	9,782		-
111	396 Power Operated Equipment	646,776		-
112	397 Communication Equipment	-		-
113	398 Miscellaneous Equipment	128,510		0
114	Subtotal (Enter total of lines 104 thru 113)	5,132,504		221,688
115	399 Other Tangible Property	-		-
116	TOTAL General Plant	5,132,504		221,688
117	TOTAL (Accounts 101 and 106)	302,594,514		18,627,670
118	Gas Plant Purchased (See Instr. 8)	-		-
119	(Less) Gas Plant Sold (see Instr. 8)	-		-
120	Experimental Gas Plant Unclassified	-		-
121	<b>TOTAL Gas Plant In Service</b>	<b>302,594,514</b>		<b>18,627,670</b>

Name of Respondent		This Report Is:		Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		(Mo.Da.Yr.) March 31, 2013	Dec. 31, 2012
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements	Adjustments	Transfers	Balance at	Line	
(d)	(e)	(f)	End of Year	No.	
			(g)		
					81
					82
					83
					84
					85
-	-	-	-		86
					87
(1,987)	-	-	4,161,882		88
(21,758)	-	-	8,313,946		89
(1,122,598)	-	-	161,497,981		90
-	-	-	-		91
(59,882)	-	-	5,490,121		92
-	-	-	257,909		93
(1,080,801)	-	-	95,861,712		94
(232,999)	-	-	12,851,943		95
(24,517)	-	-	8,234,753		96
(3,520)	-	-	4,884,766		97
0	-	-	2,282,264		98
(74,082)	-	-	2,763,499		99
-	-	-	0		100
(12,212)	-	-	3,489,552		101
(2,634,356)	-	-	310,090,328		102
					103
-	-	-	-		104
-	-	-	-		105
(14,564)	-	-	1,777,074		106
-	-	-	190,005		107
-	-	-	0		108
(32,470)	-	-	2,555,011		109
-	-	-	9,782		110
-	-	-	646,776		111
-	-	-	0		112
(5,544)	-	-	122,966		113
(52,578)	-	-	5,301,614		114
-	-	-	-		115
(52,578)	-	-	5,301,614		116
(2,897,704)	-	-	318,324,480		117
-	-	-	-		118
					119
-	-	-	-		120
(2,897,704)	-	-	318,324,480		121

\* Does not include Capitalized Leases

GAS PLANT IN SERVICE						
DEVELOPMENT OF ADDITIONS FOR YEAR 2012 - COLUMN (c)						
Line No.	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2012 Additions Column (c) (f)
		Year 2011 (b)	Year 2012 (c)	(c)-(b) (d)		
1	1. Intangible Plant					
2	301 Organization					
3	302 Franchises and Consents					
4	303 Miscellaneous Intangible Plant	(168)	0	168	777,755	777,587
5	TOTAL Intangible Plant	(168)	0	168	777,755	777,587
6	2. Production Plant					
7	Natural Gas Production and Gathering Plant					
8	325.1 Producing Lands					
9	325.2 Producing Leaseholds					
10	325.3 Gas Rights					
11	325.4 Rights-of-Way					
12	325.5 Other Land and Land Rights					
13	326 Gas Well Structures					
14	327 Field Compressor Station Structures					
15	328 Field Meas. and Reg. Sta. Structures					
16	329 Other Structures					
17	330 Producing Gas Wells-Well Construction					
18	331 Producing Gas Wells-Well Equipment					
19	332 Field Lines					
20	333 Field Compressor Station Equipment					
21	334 Field Meas. and Reg. Station Equipment					
22	335 Drilling and Cleaning Equipment					
23	336 Purification Equipment					
24	337 Other Equipment					
25	338 Unsuccessful Exploration & Devel. Costs					
26	TOTAL Production and Gathering Plant	-	-	-	-	-
27	Products Extraction Plant					
28	340 Land and Land Rights					
29	341 Structures and Improvements					
30	342 Extraction and Refining Equipment					
31	343 Pipe Lines					
32	344 Extracted Products Storage Equipment					

## GAS PLANT IN SERVICE

## DEVELOPMENT OF ADDITIONS FOR YEAR 2012 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2012 Additions Column (c) (f)
		Year 2011 (b)	Year 2012 (c)	(c)-(b) (d)		
	2. Production Plant (Continued) Products Extraction Plant (Continued)					
33	345 Compressor Equipment					
34	346 Gas Meas. and Reg. Equipment					
35	347 Other Equipment					
36	TOTAL Products Extraction Plant	-	-	-	-	-
37	TOTAL Nat. Gas Production Plant	-	-	-	-	-
38	Mfd. Gas Prod. Plant (Submit Suppl. Statement) *	-	-	-	-	-
39	TOTAL Production Plant	-	-	-	-	-
40	3. Natural Gas Storage and Processing Plant					
41	Underground Storage Plant					
42	350.1 Land					
43	350.2 Rights-of-Way					
44	351 Structures and Improvement					
45	352 Wells					
46	352.1 Storage Leaseholds and Righths					
47	352.2 Reservoirs					
48	352.3 Non-recoverable Natural Gas					
49	353 Lines					
50	354 Compressor Station Equipment					
51	355 Measuring and Reg. Equipment					
52	356 Purification Equipment					
53	357 Other Equipment					
54	TOTAL Underground Storage Plant	-	-	-	-	-
55	Other Storage Plant					
56	360 Land and Land Rights					
57	361 Structures and Improvements					
58	362 Gas Holders					
59	363 Purification Equipment					
60	363.1 Liquefaction Equipment					
61	363.2 Vaporizing Equipment					
62	363.3 Compressor Equipment					
63	363.4 Meas. and Reg. Equipment					
64	363.5 Other Equipment					
65	TOTAL Other Storage Plant	-	-	-	-	-

\* See page 209-E

PAGE 209-B

## GAS PLANT IN SERVICE

## DEVELOPMENT OF ADDITIONS FOR YEAR 2012 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2012 Additions Column (c) (f)
		Year 2011 (b)	Year 2012 (c)	(c)-(b) (d)		
66	Base Load Liquefied Natural Gas Terminating and Processing Plant					
67	364.1 Land and Land Rights					
68	364.2 Structures and Improvements					
69	364.3 LNG Processing Terminal Equipment					
70	364.4 LNG Transportation Equipment					
71	364.5 Measuring and Regulating Equipment					
72	364.6 Compressor Station Equipment					
73	364.7 Communication Equipment					
74	364.8 Other Equipment					
75	TOTAL Base Load Liquefied Natural					
76	Gas Terminating and Processing Plant	-	-	-	-	-
77	TOTAL Nat. Gas Storage and Proc. Plant	-	-	-	-	-
78	4. Transmission Plant					
79	365.1 Land and Land Rights					
80	365.2 Rights of Way					
81	366 Structures and Improvements					
82	367 Mains					
83	368 Compressor Station Equipment					
84	369 Measuring and Reg. Sta. Equipment					
85	370 Communication Equipment					
86	371 Other Equipment					
87	TOTAL Transmission Plant	-	-	-	-	-
88	5. Distribution Plant					
89	374 Land and Land Rights	(25,139)	(7,161)	17,978	40,523	22,545
90	375 Structures and Improvements	(8,367)	23,815	32,182	225,870	193,688
91	376 Mains	1,742,301	2,010,706	268,405	9,833,157	9,564,752
92	377 Compressor Station Equipment	-	-	-	-	-
93	378 Meas. and Reg. Sta. Equip.-General	15,345	255,315	239,970	663,444	423,474
94	379 Meas. and Reg. Sta. Equip.-City Gate	-	-	-	-	-
95	380 Services	1,947	140,598	138,651	5,937,018	5,798,367
96	381 Meters	(235)	0	235	820,824	820,589
97	382 Meter Installations	-	-	-	179,931	179,931
98	383 House Regulators	-	-	-	340,567	340,567
99	384 House Reg. Installations	-	-	-	-	-
100	385 Industrial Meas. and Reg. Sta. Equipment	14,088	45,063	30,975	193,779	162,804
	386 Other Prop. on Customers' Premises	-	-	-	-	-
	387 Other Equipment	(95)	98,975	99,070	220,749	121,679
103	TOTAL Distribution Plant	1,739,845	2,567,311	827,466	18,455,862	17,628,396

## GAS PLANT IN SERVICE

## DEVELOPMENT OF ADDITIONS FOR YEAR 2012 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2012 Additions Column (c) (f)
		Year 2011 (b)	Year 2012 (c)	(c)-(b) (d)		
104	6. General Plant					
105	389 Land and Land Rights	-	-	-	-	-
106	390 Structures and Improvements	-	-	-	-	-
107	391 Office Furniture and Equipment	(2,617)	(3,910)	(1,293)	17,065	15,772
108	392 Transportation Equipment	-	-	-	48,924	48,924
109	393 Stores Equipment	-	-	-	-	-
110	394 Tools, Shop, and Garage Equipment	-	-	-	156,992	156,992
111	395 Laboratory Equipment	-	-	-	-	-
112	396 Power Operated Equipment	-	-	-	-	-
113	397 Communication Equipment	-	-	-	-	-
114	398 Miscellaneous Equipment	42,133	(42,133)	(84,266)	(84,266)	-
115	Subtotal	39,516	(46,043)	(85,559)	138,715	221,688
116	399 Other Tangible Property	-	-	-	-	-
117	TOTAL General Plant	39,516	(46,043)	(85,559)	136,129	221,688
118	TOTAL	1,779,193	2,521,268	742,075	19,369,746	18,627,671

GAS PLANT IN SERVICE

DEVELOPMENT OF ADDITIONS FOR YEAR 2012 - COLUMN (c)

Line No	Account (a)	Completed Construction Not Classified - Account 106			Transferred from Account 107 (e)	2012 Additions Column (c) (f)
		2011 (b)	2012 (c)	(c)-(b) (d)		
	(1) Forward from page 209-B Line 38					
118	2. PRODUCTION PLANT					
119	Manufactured Gas Production Plant					
120	Liquefied Petroleum Gas					
121	304 Land and Land Rights	-	-	-	-	-
122	305 Structures and Improvements	-	-	-	-	-
123	311 Liquefied Petroleum Gas Equipment	-	-	-	-	-
124						
125	Total Manufactured Gas Production					
126	Plant	-	-	-	-	-

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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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**Gas Property and Capacity Leased from Others**

1. Report below the information called for concerning gas property and capacity leased from others for gas operations.  
 2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance End of Year (d)
1	Not Applicable			
2				
3				
4				
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42				
43				
44				
<b>45</b>	<b>TOTAL</b>			

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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**Gas Property and Capacity Leased to Others**

1. For all leases in which the average lease income over the initial term of the lease exceeds \$500,000 provide in column (c), a description of each facility or leased capacity that is classified as gas plant in service, and is leased to others for gas operations.
2. In column (d) provide the lease payments received from others.
3. Designate associated companies with an asterisk in column (b).

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance End of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
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44				
45	<b>TOTAL</b>			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**GAS PLANT HELD FOR FUTURE USE (Account 105)**

1. Report separately each property held for future use at the end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance End of Year (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
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42				
43				
44				
45	<b>TOTAL</b>			

Name of Respondent		This Report is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
<b>CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)</b>				
1. Report below descriptions and balances at end of year of projects in process of construction (107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$1,000,000) may be grouped.		
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1	PRODUCTION PLANT			
2	<u>Liquefied Petroleum Gas-Air</u>			
3				
4	305 Structures and Improvements	-		
5	311 Liquefied Petroleum Gas Equipment	-		
6	Total L. P. G. Production Plant	-	-	
7				
8				
9	<u>Distribution Plant</u>			
10				
11	374 Land and Land Rights	14,780		
12	375 Structures and Improvements	184,286	20,271	
13	376 Mains	887,197	97,592	
14	378 Measuring and Regulating Equipment-General	483,503	53,185	
15	380 Service Lines	(994)		
16	381 Meters	0		
17	382 Meter Installations	140,520		
18	383 House Regulators	40,076		
19	384 House Regulator Installations	-		
20	385 Industrial Measuring and Regulating Equipment	172,786	19,006	
21	387 Communications	160,793	17,687	
22	Total Distribution Plant	2,082,947	207,741	
23				
24				
25	<u>General Plant</u>			
26				
27	391 Office Furniture and Equipment	13,892		
28	394 Tools and Equipment	-		
29	396 Power Operated Equipment	-		
30	398 Miscellaneous Equipment	30,537		
31				
32	Total General Plant	44,429	-	
33				
34				
35	<u>Intangible Plant</u>			
36				
37	303 Miscellaneous Intangible Plant	733,799	80,718	
38	Total Intangible Plant	733,799	80,718	
39				
40				
41				
42	<b>TOTAL</b>	<b>2,861,175</b>	<b>288,459</b>	

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report December 31, 2012
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**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.

3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Please refer to pages 218-A, 218-B and 218-C.

**COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES**

For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.

1. Components of Formula (Derived from actual book balances and actual cost rates): **(A)**

Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1) Average Short-Term Debt	S 0		
(2) Short-Term Interest			s 7.85%
(3) Long-Term Debt	D 82,055,000	47.59%	d 4.94%
(4) Preferred Stock	P 0	0.00%	p 0.00%
(5) Common Equity	C 90,341,578	52.41%	c 10.50%
(6) Total Capitalization	172,396,578	100.00%	
(7) Average Construction Work In Progress Balance	W 4,111,307		

2. Gross Rate for Borrowed Funds  $s(S/W)+d[(D/(D+P+C))(1-(S/W))]$

3. Rate for Other Funds  $[1-(S/W)][p(P/(D+P+C))+c(C/(D+P+C))]$

4. Weighted Average Rate Actually Used for the Year:

a. Rate for Borrowed Funds - 7.85

b. Rate for Other Funds - 0.00

**(A)** Amounts used in computation are based on the capitalization and cost rates of Columbia Gas of Kentucky

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE (Continued)**

Supervision and Engineering Overhead

Supervision and engineering overhead charges cover labor, transportation and travel of operating personnel related to the following construction activities:

1. Planning and designing gas facilities approved for construction.
2. Preparing and filing construction certificate applications.
3. Planning and preparing budget programs for anticipated construction programs.
4. Preparing and processing construction work orders, including making sketches.
5. Classifying work order charges where applicable, such as invoices, material transfers, time sheets, etc.
6. Preparing and processing work order completion reports.
7. Preparing flow maps related to projects approved for construction.
8. Miscellaneous clerical, typing & stenographic duties related to construction projects.
9. Supervision and management, direct & indirect, for all the above activities.

It was impractical for supervision and engineering personnel performing the above mentioned functions to charge construction work orders directly; therefore, the labor and travel expenses of personnel expended on the construction records that would not be required if construction were not performed was determined on a periodic time study basis. The cost of these expenses was divided by estimated construction expenditures subject to overheads to determine an allocation rate. Those personnel engaged in the construction activities enumerated above charged their overhead clearing account where they were accumulated and allocated to all applicable construction budgets and work orders on the basis of the rate as determined above.

Labor Overheads

The cost of vacation time and non-productive time (holidays, paid time for sickness and other paid time) was allocated directly to each construction project by applying a factor to all "raw labor" (total payroll payments excluding payment for vacation and non-productive time) dollars charged to the construction project. The factor was determined by dividing the estimated annual dollars accrued for vacation and non-productive time by the estimated annual payroll payments excluding vacation and non-productive time.

The cost of employee benefits and payroll taxes was allocated directly to each construction project by applying a factor to all "base labor" (raw labor plus increment for vacation and non-productive time) dollars charged to the construction project. The factor was determined by dividing the estimated annual cost of employee benefits and payroll taxes by the estimated annual cost of "base labor." Benefits and taxes included in this factor are as follows:

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE (Continued)**

Labor Overheads (Continued)

1. Actual payments made to employees in connection with injury claims not covered by Workers' Compensation Insurance.
2. Workers' Compensation Insurance Premiums.
3. Employee Insurance Plans.
4. Contributions to Employee Thrift Plan (401K).
5. Federal Old Age and Survivors Insurance Tax.
6. Federal Unemployment Insurance Tax.
7. State Unemployment Insurance Tax.
8. Retirement Income Plan.

General and Administrative Overheads

The purpose of capitalizing General and Administrative overheads is to charge labor and expenses to all applicable construction work orders for those personnel who work directly on Construction Work In Progress activities but where it would be impractical for them to record these expenses directly to each work order (i.e., employees who devote their time processing a large number of construction work orders and/or related construction activities). In addition, these costs would not have been incurred had the construction activity not been undertaken.

General and Administrative overhead charges include the labor and expenses of selected Shared Services Center personnel related to the following construction activities:

1. Processing construction work orders which do not close mechanically.
2. Preparing input for and verifying mechanized Construction Work in Progress reports.
3. Assigning property unit (retirement unit) numbers to construction work orders which are not assigned mechanically.
4. Preparing input for closing Construction Work in Progress preparatory to mechanical utilization and posting to the Asset Management records.
5. Reconciling the Project Cost Management System with the General Ledger.
6. Verifying mechanized construction audit schedules with the construction information contained in the General Ledger.
7. Providing required support to Information Systems personnel regarding mechanized construction work orders and the Project Cost Management System.
8. Reconciling monthly construction budget comparison reports (actual versus budget).
9. Ordering and procuring materials and supplies for specific construction projects.
10. Processing construction related invoices.
11. Miscellaneous clerical duties related to construction projects.
12. Supervision and management (direct and indirect) for all of the above activities.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
<b>GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE (Continued)</b>			

General and Administrative Overheads (Continued)

A periodic time study was performed on the job positions and personnel who were responsible for the above listed activities. The number of hours spent on construction related activity was determined, by position, and extended using actual payroll information. The cost of these expenses was divided by the estimated construction expenditures subject to overheads to determine an allocation rate. This rate was applied to actual construction expenditures subject to this overhead and the resulting amount was transferred from general and administrative expense to construction.

Note: General and Administrative costs are now recorded through the Supervision and Engineering overhead application.

Allowance for Funds Used During Construction

On February 2, 1977, the Federal Energy Regulatory Commission issued Order No. 561 establishing a "uniform formulary" method for determining the maximum rate to be used in computing the Allowance for Funds Used During Construction. In 2012, Allowance for Funds Used During Construction was capitalized at a cost rate of 7.85% on all classes of property except organization, autos, office equipment, tools and other property purchases.

The allowance was applied to construction for that period of time between the date of expenditure for construction or purchase of a project and the date in which such project was completed and placed in service, or was available for service. All expenditures incurred during the current month of construction of a project were assumed to occur on the 15th of the month; consequently, interest in the current month's expenditures was for a period of one-half month only. All projects placed in service during a month were assumed to be placed in service on the 15th of the month; consequently, interest for the month-in-service was for a period of one-half month only. All previously applied interest was eliminated from the base amount before the current calculation of interest; i.e., there was no calculation of interest on interest. No interest was applied on contract retainage and contributions in aid of construction applicable to any budgets and related work orders.

Name of Respondent  <b>Columbia Gas of Kentucky, Inc.</b>	This Report is:	Date of Report (Mo, Da, Yr) March 31, 2013	Year Ending Dec. 31, 2012
	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		

**ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)**

1 Explain in a footnote any important adjustments during year  
2 Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, pages 204-209, column(d), excluding retirements of nondepreciable property  
3 The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a

significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications  
4 Show separately interest credits under a sinking fund or similar method of depreciation accounting  
5 At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.

Line No.	Item  (a)	Total (c+d+e)  (b)	Gas Plant In Service  (c)	Gas Plant Held for Future Use  (d)	Gas Plant Leased to Others  (e)
<b>Section A. Balances and Changes During Year</b>					
1	Balance Beginning of Year	125,182,768	125,182,768		
2	Depreciation Provision for Year, Charged to				
3	(403) Depreciation Expense	5,964,266	5,964,266		
4	(413) Expense of Gas Plant Leased to Others				
5	Transportation Expenses - Clearing				
6	Other Clearing Accounts				
7	Other Clearing (Specify):				
7.01					
8	<b>TOTAL Deprec. Prov. for Year (total of lines 3 thru 7.01)</b>	<b>5,964,266</b>	<b>5,964,266</b>	<b>0</b>	<b>0</b>
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	2,634,256	2,634,256		
11	Cost of Removal	755,137	755,137		
12	Salvage (Credit)	(6,358)	(6,358)		
13	<b>TOTAL Net Chrgs. for Plant Ret. (Total of lines 10 thru 12)</b>	<b>3,383,035</b>	<b>3,383,035</b>	<b>0</b>	<b>0</b>
14	Other Debit or Credit Items (Describe):		0		
14.01	Retirement of Amortization	0	0		
14.02	Intercompany Transfer of Meters	10,951	10,951		
14.03	Transfers between 108 and 111	0	0		
15	<b>Balance End of Year (Total of lines 1, 8, 13, 14 to 14.03)</b>	<b>127,774,950</b>	<b>127,774,950</b>	<b>0</b>	<b>0</b>
<b>Section B. Balances at End of Year Accounting to Functional Classifications</b>					
16	Production - Manufactured Gas				
17	Production and Gathering - Natural Gas				
18	Products Extraction - Natural Gas				
19	Underground Gas Storage				
20	Other Storage Plant				
21	Base Load LNG Terminating and Processing Plant				
22	Transmission				
23	Distribution	126,821,726	126,821,726		
24	General	953,224	953,224		
25	<b>TOTAL (Total of lines 16 thru 24)</b>	<b>127,774,950</b>	<b>127,774,950</b>	<b>0</b>	<b>0</b>

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**GAS STORED (ACCOUNT 117.1, 117.2, 117.3, 117.4, 164.1,164.2 AND 164.3)**

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and h (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote adjustment, account charged or credited.

2. Report in column (e) all encroachments due the year upon the volumes designated as base gas, column (b), and system balancing gas column (c), and gas property recordable in the plant accounts.

3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description (a)	(Account 117 1) (b)	(Account 117 2) (c)	Noncurrent (Account (117 3) (d)	(Account 117 4) (e)	Current (Account 164 1) (f)	LNG (Account 164 2) (g)	LNG (Account 164 3) (h)	Total (i)
1	Balance at Beginning of Year					47,816,448	0		47,816,448
2	Gas Delivered to Storage (contra Account)					25,292,118	0		25,292,118
3	Gas Withdrawn from Storage (contra Account)					28,995,002	0		28,995,002
4	Other Debits or Credits ( Net)					0			0
5	Balance at End of Year					44,113,564	0		44,113,564
6	Mcf					8,081,190	0		8,081,190
6a	Dth					8,404,438	0		8,404,438
7	Amount per Mcf					5.46	-		5.46
7a	Amount per Dth					5.25	-		5.25

\* Storage is reported on a last in first out inventory method.

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
<b>INVESTMENTS (ACCOUNT 123, 124, AND 136)</b>				
<p>1 Report below investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investments</i>, and 136, <i>Temporary Cash Investments</i>.</p> <p>2 Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant</p>		<p>to authorization by the Board of Directors, and included in Account 124, <i>Other Investments</i>, state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes.</p> <p>(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Included advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.</p>		
Line No.	Description of Investment		Book Cost at Beginning of Year (if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)	Purchases or Additions During Year
	(a)	(b)	(c)	(d)
1				
2	<b>Investments In Associated Companies</b>		404,411	34,034
3	(Commercial Paper, Acct 123-1XXX)			
4				
5	<b>Liquid Money Market Instruments</b>		25,982	2,045,915
6	(Commercial Paper, Acct 136-0012)			
7				
8	<b>Temporary Cash Investment</b>		2,093,711	20,356,208
9	(Hedging Account, Acct 136-1500)			
10				
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Name of Respondent	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)**

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3 Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4 If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5 Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6 In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includable in column (h).

Sales or Other Dispositions During Year	Principal Amount or No of Shares at End of Year	Book Cost at End of Year (if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)	Revenues for Year	Gain or Loss from Investment Disposed of	Line No.
(e)	(f)	(g)	(h)	(i)	
5,438		433,007			1
					2
					3
1,751,486		320,411			4
					5
					6
20,539,599		1,910,320	31,901		7
					8
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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**Investments in Subsidiary Companies (Account 123.1)**

1. Report below investments in Accounts 123.1, Investments in Subsidiary Companies.
2. Provide a subheading for each account and list thereunder the the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
- (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.
- (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment  (a)	Date Acquired  (b)	Date of Maturity  (c)	Amount of Investment at Beginning of Year  (d)
1	Common Stock - Central Kentucky	7/31/2006		
2	Transmission			
3				
4				
5				
6				
7				
8				
9				
10				
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40	<b>Total Cost of Account 123.1</b>			

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year of Report Dec. 31, 2012
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**Investments in Subsidiaries Companies (Account 123.1) (Continued)**

4. Designate in a footnote, any securities, notes or accounts that were pledged, and state the name of pledgee and purpose of the pledge.  
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.  
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.  
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).  
8. Report on Line 40, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year  (e)	Revenues for Year  (f)	Amount of Investment at End of Year  (g)	Gain or Loss from Investment Disposed of  (h)	Line No.
404,411	28,596	433,007		1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
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404,411	28,596	433,007		40

Name of Respondent	This Report is: (x) An Original ( ) A Resubmission	Date of Report	Year Ending
Columbia Gas of Kentucky, Inc.		March 31, 2013	December 31, 2012

Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Sturdy Costs (Acct 182.2)

**PREPAYMENTS (ACCOUNT 165)**

1. Report below the particulars (details ) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	426,618
2	Prepaid Rents	0
3	Prepaid Taxes	0
4	Prepaid Regulatory Commission Fees	103,727
5	Miscellaneous Prepayments	0
6	TOTAL	530,345

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report March 31, 2013	Year Ending December 31, 2012
Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Sturdy Costs (Acct 182.2)			

**EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)**

Line No.	Description of Extraordinary Loss (include the date of loss, the date of Commission authorization to use Account 182 1 and period of amortization (mo, yr, to mo, yr. Add rows as necessary to report all data.  (a)	Balance Beginning of Year  (b)	Total Amount of Loss  (c)	Losses Recognized During Year  (d)	WRITTEN OFF DURING YEAR		Balance at End of Year  (g)
					Account Charged (e)	Amount (f)	
7							
8							
9							
10							
11							
12							
13							
14							
15	TOTAL						

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report March 31, 2013	Year Ending December 31, 2012
Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)			

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs (include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr to mo, yr). Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses.  (a)	Balance at the Beginning of Year  (b)	Total Amount of Charges  (c)	Costs Recognized During Year  (d)	WRITTEN OFF DURING YEAR		Balance at End of Year  (g)
					Account Charged (e)	Amount (f)	
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	<b>TOTAL</b>						

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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>March 31, 2013</b>	Year Ending <b>Dec. 31, 2012</b>
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**OTHER REGULATORY ASSETS (Account 182.3)**

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).  
2. For regulatory assets being amortized, show period of amortization in column (a).

3. Minor items (5 % of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.  
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Year  (b)	Debits  (c)	WRITTEN OFF DURING YEAR		Balance at End of Year  (f)
				Account Charged (d)	Amount (e)	
1						
2						
3	Other Postretirement Employee Benefits					
4	(amortized over 18 years - began 11/94)	1,257,081	33,774	107/926	511,411	779,444
5						
6	Postemployment Benefits					
7	(amortized over 19 years - began 11/94)	62,996		926	34,361	28,635
8						
9	Hedging Program	3,458,500	25,337,660	244	26,780,740	2,015,420
10						
11	Gas Cost Incentive Program	260,535	282,390	480/481 489	360,094	182,631
12						
13						
14	Rate Case Expense	74,121		928	74,121	0
15	(amortized over 3 years - start 9/07)					
16	(amortized over 3 years - start 11/09)					
17						
18	IBM Related Costs	1,430,397		923	390,108	1,040,289
19	(amortized over 8 years - began 9/07)					
20						
21	RIP Expense - OCI	10,642,595	3,557,787	Various	838,109	13,362,273
22						
23	Minor Regulatory Assets					
24	Less than \$250,000 (2 items)	81,306	574,159	Various	545,979	109,486
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
	<b>Total</b>	17,267,531	29,785,770		29,534,923	17,518,378

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

1. Report below the details called for concerning miscellaneous deferred debits.  
2. For any deferred debit being amortized, show the period of amortization in column (a).  
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debts (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2	Civic Center Building Lease	166,152		253	56,968	109,186
3						
4	Customer Advances	1,319,156	1,251,707	107	53,031	2,517,832
5						
6	Other Misc. Deferred Debts	1,944	36,820	Various	37,334	1,430
7	Less than \$250,000 (2 Items)					
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
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27						
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29						
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39						
40	<b>Total</b>	1,487,252	1,288,527		147,331	2,628,448

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.
3. At lines 4 and 6, add rows as necessary to report all data. Number the additional rows in sequence 4.01, 4.02, etc. and 6.01, 6.02, etc.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	OPEB Federal Medicare Subsidy	6,161	0	0
4.02	Future FIT Benefits- State Income Tax	8,488	0	0
4.03	Interest on Fed. Income Tax Liability	(25)	0	0
4.04	Section 461 (H) - Rate Refunds	87,717	17,963	52,923
4.05	TCO Penalty Credits	156,844	0	0
4.06	Vacation Accrual	530,395	126,862	0
4.07	Injuries and Damages	51,573	0	3,376
4.08	Gas Cost Uncollectible Charge	(63,958)	0	146,470
4.09	Accrued Legal Reserves	99,477	99,477	0
4.10	Off System Sales	87,875	3,285	47,013
4.11	Customer Advances	505,271	0	731,583
4.12	Restricted Stock	17,535	0	0
4.13	Contingent Stock	47,452	62,024	0
4.14	Capitalized Inventory Costs	166,990	6,981	0
4.15	Gross-up on Regulatory Amounts	313,987	0	0
4.18	Salary Continuation/Deferred Compensation	1	0	0
4.17	CMEP	11,359	2,219	26,463
4.18	OFO/OMO	0	0	2,504
4.18	LIFO Tax Adjustment	2,913,447	282,568	172,346
4.19	Retention Agreements	1,167	0	0
4.20	Rate Base 1% Increment	12,433	0	139
4.21	Environmental Costs	3,023	3,023	0
4.22	Federal NOL Carryforward	93,537	169,509	902,735
4.23	Post Employee Benefits	522,296	0	125,564
4.24	OPEB	1,196,112	319,675	107,233
4.25	Deferred Compensation	188,159	48,938	23,938
4.26	Pension Restoration	3,827	0	2,556
4.27	Company Interest Rate Refunds	1	0	0
4.28	R & D Credit Carryforward	56,389	0	0
5	Total (Total of lines 2 thru 4)	6,997,091	1,140,504	2,344,843
6	Other (Rounding)	0	0	0
7	Total Account 190 (Total of lines 5 thru 6)	6,997,091	1,140,504	2,344,843
8	Classification of TOTAL			
9	Federal Income Tax	5,941,550	987,153	2,118,826
10	State Income Tax	1,055,541	153,351	226,017
11	Local Income Tax			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

4. If more space is needed, use separate pages as required.

5. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
							4
0	0		0	254-3417	1) 6,161	0	4.01
0	0		0		0	8,488	4.02
0	3,746	283-5901/7901	2) 2,719		0	6,440	4.03
0	0		0		0	102,677	4.04
0	0		0		0	156,644	4.05
0	0		0		0	403,533	4.06
0	0		0		0	54,949	4.07
0	0		0		0	82,512	4.08
0	0		0		0	0	4.09
0	0		0		0	131,403	4.10
0	0		0	190-2953	5) 17,544	1,219,310	4.11
0	0	236-0511/1904	6) 36,233		0	53,768	4.12
0	0		0	236-0511/1904	6) 46,685	(61,257)	4.13
0	0		0		0	160,029	4.14
0	0		0	254-0032	3) 49,056	264,931	4.15
0	0		0		0	1	4.16
0	0		0		0	35,603	4.17
0	0		0		0	2,504	4.18
0	0		0		0	2,803,225	4.18
0	0		0		0	1,167	4.19
0	0	190-2851	5) 17,544		0	30,116	4.20
0	0		0		0	0	4.21
0	0		0		0	828,763	4.22
0	0		0		0	647,860	4.23
0	0		0	254-3517	4) 9,877	973,993	4.24
0	0		0		0	165,159	4.25
0	0		0		0	6,383	4.26
0	0		0		0	1	4.27
3,733	0		0		0	52,636	4.28
3,733	3,746		56,496		129,123	8,128,816	5
0	0		0		0	0	6
3,733	3,746		56,496		129,123	8,128,816	7
							8
3,733	3,168		50,488		111,727	7,011,419	9
0	578		6,008		17,396	1,117,397	10
						0	11

**NOTES**

- 1) & (4) OPEB Federal Medicare Subsidy was offset in a regulatory liability.
- 2) Reclass entry.
- 3) Regulatory Liability balance sheet entries.
- 5) 1% Increment/Offset for the writeup of deferred account to 35%.
- 6) Stock Compensation was offset to prior year federal/state payable.

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Capital Stock (Accounts 201 and 204)**

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value per Share (c)	Call Price at End of Year (d)
1	Common Stock	1,100,000	25.00	
2				
3				
4				
5				
6				
7				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Capital Stock (Accounts 201 and 204)**

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.  
5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.  
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1	952,248	23,806,200				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report  Dec. 31, 2012
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**Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Received on (Accts 202, 203, 205, 206, 207, and 212)**

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.
4. For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item  (a)	*	Number of Shares  (c)	Amount  (d)
1	Not Applicable			
2				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**OTHER PAID-IN CAPITAL (ACCOUNTS: 208-211)**

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries affecting such change.

(a) *Donations Received from Stockholders* (Account 208)—State amount and briefly explain the origin and purpose of each donation.

(b) *Reduction in Par or Stated Value of Capital Stock* (Account 209)—State amount and briefly explain the

capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) *Gain on Resale or Cancellation of Recquired Capital Stock* (Account 210)—Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) *Miscellaneous Paid-in Capital* (Account 211)—Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1		
2		
3	<u>Account 208 - Donations Received From Stockholders</u>	
4	None	
5		
6	<u>Account 209 - Reduction in Par or Stated Value of Capital Stock</u>	
7	None	
8		
9	<u>Account 210 - Gain on Resale or Cancellation of Recquired Capital Stock</u>	
10	None	
11		
12	<u>Account 211 - Miscellaneous Paid-in Capital</u>	
13	Excess of Book Value of Assets Acquired from Cincinnati Gas	
14	Transportation Company over the Liability Assumed	12
15		
16	Adjustments of Depreciation Reserve for Cincinnati Gas	
17	Transportation Company, Acquired Company, and Respondent	595,081
18		
19	Paid-In Capital Transferred to Kentucky Gas Transmission	
20	Corporation as of January 1, 1957	(363,441)
21		
22	Transfer Parent Company Federal Tax Savings	3,485,271
23		
24	Adjustment to Reverse Federal Benefit of NISource De/Finance Tax Savings	
25	Allocation of APIC	1,865,804
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	<b>TOTAL</b>	<b>5,582,727</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Discount on Capital Stock (Account 213)**

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.  
 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change.  
 State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)		Balance at End of Year (b)
1	Not Applicable		
2			
3			
4			
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11			
12			
13			
14			
TOTAL			

**Capital Stock Expense (Account 214)**

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.  
 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change.  
 State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)		Balance at End of Year (b)
1	Not Applicable		
2			
3			
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TOTAL			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Securities Issued or Assumed and Securities Refunded or Retired During the Year**

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance or redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

1. None
2. None
3. None
4. None
5. None

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**LONG-TERM DEBT (Account 221, 222, 223, and 224)**

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Recquired Bonds, 223, Advances from Associated Companies, and 224 Other Long-Term Debt.  
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.  
3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.  
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Classes and Series of Obligation and Name of Stock Exchange (a)	Nominal Date Of Issue (b)	Date Of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1				
2	Account 223			
3	Advances from Associated Companies			
4	Columbia Energy Group :			
5	Installment Promissory Notes	*	*	53,335,000
6				
7				
8				
9				
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15				
16				
17				
18				
19				
20				
21	* See Page 257-A			
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40	<b>Total</b>			53,335,000

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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**LONG-TERM DEBT (Account 221, 222, 223, and 224)(Continued)**

5. In a supplemental statement, give explanatory details for accounts 223 and 224 of net changes during the year. With respect to long term advances, show for each company: (a) principal advanced during the year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price per \$100 at End of Year (i)	Line No.
Rate (in %) (e)	Amount (f)	Reacquired Bonds (Account 222) (g)	Sinking and Other Funds (h)		
•	4,872,202				1
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	4,872,202				40

LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)									
DATE OF ISSUE (a)	DATE OF MATURITY (b)	BALANCE BEGINNING OF YEAR (c)	PRINCIPAL ADVANCED DURING YEAR (d)	PRINCIPAL TRANSFERS AND PAYMENTS (e) *	BALANCE END OF YEAR (f)	INTEREST FOR YEAR		COMMISSION AUTHORITY	
						RATE (g)	AMOUNT (h)	FILE NUMBER (i)	DATE (j)
Account 223 - Installment Promissory Notes									
2006	2013	14,720,000	-	14,720,000	0	5.280%	778,917	CKY1	1/7/2006
2006	2016	10,750,000	-	-	10,750,000	5.410%	583,318	CKY2	1/5/2006
2006	2017	4,210,000	-	-	4,210,000	5.450%	231,201	CKY3	1/5/2006
2006	2026	12,375,000	-	-	12,375,000	5.920%	734,507	CKY4	1/5/2006
2006	2021	16,000,000	-	-	16,000,000	6.015%	964,338	CKY5	11/1/2006
2008	2013	14,000,000	-	14,000,000	0	5.530%	775,982	CKY6	12/23/2008
2010	2030	10,000,000	-	-	10,000,000	6.020%	603,939	CKY7	12/16/2010
TOTAL ACCOUNT 223		82,055,000	0	28,720,000	53,335,000		4,672,202		
Item 9 - Schedule 257 Additional Borrowing Authorized But Not Yet Issued None									

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.,Da.,Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issues (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)
1	Not Applicable				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1	Not Applicable			
2				
3				
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Unamortized Loss and Gain on reacquired Debt (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 428.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Not Applicable					
2						
3						
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M - 3 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Detail) (a)	Amount (b)
1	Net income for the Year (Page 116)	\$8,515,725
2	Reconciling Items for the Year	
3		
4	Income (Loss) Items	
5	SEE PAGE 261-A	\$1,584,484
6		
7		
8		
9	Expense/Deduction Items	
10	SEE PAGE 261-A	(\$2,840,702)
11		
12		
13		
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22		
23		
24		
25		
26		
27	Federal Tax Net Income	\$7,259,502
28	Show Computation of Tax:	
29	Separate Return Tax @ 35% of Line 27	2,540,826
30	2011 Books to Return	(38,630)
31	Non-UTP Reserve	(3,896,786)
32	Federal NOL Carryforward	(93,537)
33	Net Taxes Charged	(1,488,127)

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr.) March 31, 2013	End of 2012/Q4

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

**Income (Loss) Items**

Equity Income from Subsidiaries	(28,596)
Interest Receivable Contingent Taxes	(116,665)
Customer Advances	1,881,034
Loss on Disposal of Assets	(593,100)
Deferred Intercompany Gains	243,243
Contributions In Aid	39,035
CFO/OMD Penalties	6,437
Off System Sales	(8,443)
Gas Cost Incentive Plan	77,703
Demand Side Management	(41,589)
Gas Cost Uncollectible Charge	209,819
LIFO Tax Adjustment to Inventories	(113,143)
Sec 263 Inventory Capitalization	(3,008)
Section 263A Interest- AFUDC Equity	(104,291)
Sect. 461(b) Supplier Refunds	136,048
Total	<u>\$1,584,484</u>

**Expense/Deduction Items**

Federal Income Taxes - Current	(1,488,121)
Federal Income Taxes - Deferred	5,831,490
State Income Taxes-Tax Deductible	2,820
Sec 461(h) Economic Performance: Taxes	(369,197)
State Income Taxes - Deferred	370,760
Stock Compensation Expense	(157,473)
Business Meals & Entertainment	23,017
Pension Expense	756,189
Compensation: Pension Restoration Plan	2,535
Environmental Remediation	(7,772)
OPFB	25,282
OPFB Medicare Subsidy	(33,646)
Compensation: Vacation Accrual	(89,141)
Compensation: Bonus Accrual	(120,564)
Sec 263 Mixed Service Costs	(1,264,000)
Tax Depreciation	550,577
Tax Depreciation Bonus	(5,858,500)
Fines and Penalties	54
Repairs of Gas Pipeline	(2,592,000)
Bad Debt Expense	(103,188)
Accrued Liabilities-Legal Reserves	(255,725)
CMEP/DAP	(5,704)
Customer Assistance Plan	(37,900)
MF Global Hedging Losses	1,413,700
Rate Case Expense	464,229
Builder Incentives Amortization	(12,610)
Injuries and Damages	8,679
Interest Payable Contingent Taxes	9,629
Legal Liability on CDC Building	56,956
Lobbying Expenses	37,264
Gas Audit Costs	28,184
Rent Expense Leased Autos	95
Prepaid Assets	3,178
Property Removal	(30,503)
Employee Stock Purchase Plan	794
Total	<u>(82,840,702)</u>

Name of Respondent	This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo.Da.Yr.) March 31, 2013	End of 2012/Q4

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

Reconciliation of 2012 Federal Income Taxes Payable  
to Federal Income Tax Expense

Respondent is a subsidiary of the Nisource, Inc., which files a Consolidated Federal Income Tax Return.

The information required by Item 2 is not available at this time as the Consolidated Tax Return has not yet been filed.

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2013	End of 2012/Q4

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME**

**FOR FEDERAL INCOME TAXES (Continued)**

**Name of Group Members Filing Consolidated Federal Income Tax Return:**

NiSource Inc. (DE)  
 Bay State Gas Company  
 Columbia Energy Group  
 Columbia Gas of Kentucky, Inc.  
 Central Kentucky Transmission Company  
 Columbia Gas of Maryland, Inc.  
 Columbia Gas of Ohio, Inc.  
 Columbia Gas of Ohio Receivables Corporation  
 Columbia Gas of Pennsylvania, Inc.  
 Columbia Gas of Pennsylvania Receivables Corporation  
 Columbia Gas of Virginia, Inc.  
 Columbia Hardy Corporation  
 Columbia Gulf Transmission Company  
 CNS Microwave, Inc.  
 Columbia Remainder Corporation  
 NiSource Gas Transmission & Storage Service Company  
 NiSource Insurance Corporation, Inc.  
 EnergyUSA Inc. (IN)  
 EnergyUSA-TPC Corp.  
 IWC Resources Corp.  
 Harbour Water Corp.  
 Indianapolis Water Company  
 Irishman's Run Acquisition Corp.  
 IWC Morgan Water Corp.  
 Liberty Water Corp.  
 The Darlington Water Works Company  
 Crossroads Pipeline Company  
 NiSource Capital Markets, Inc.  
 NiSource Corporate Services Company

Name of Respondent	This Report is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2013	End of 2012/Q4

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES (Continued)**

**Name of Group Members Filing Consolidated Federal Income Tax Return:**

NiSource Development Company, Inc.  
 Lake Erie Land Company  
 SCC Services, Inc. \*  
 NDC Douglas Properties, Inc.  
 NiSource Energy Technologies, Inc.  
 NiSource Finance Corp.  
 NiSource Retail Services, Inc.  
 Northern Indiana Public Service Company  
 NIPSCO Accounts Receivables Corporation  
 PEI Holdings, Inc.  
 Whiting Leasing LLC \*  
 Columbia Energy Holdings Corp.  
 Service Protection Group, LLC

\* Dissolved during 2012

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COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	Federal Taxes: Income: 2008	141,104	
2		-	
3		(1)	
4		-	
5		-	
6	Unemployment: 2011	693	
7		-	
8	FICA: 2011	51,230	
9		-	
10	Excise: 2011	-	
11		-	
12	<b>TOTAL</b> (Continued on Page 262-A)		

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 409.1)  (j)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (l)
1		(2,925,109)		-
2		(971,677)		-
3		-		
4		(824,887)		786,257
5		1,660,244		787,045
6		-		
7		10,754		
8		-		
9		537,889		
10		-		
11		3,039		-
12	<b>TOTAL</b> (Continued on Page 262-A)			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 238) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
(2,925,109)	-	2,784,005	-	-	1
(971,677)	-	971,677	-	-	2
			(1)	-	3
(38,630)	(38,630)		-	-	4
2,447,289	(1,210,000)	(715)	3,656,574	-	5
	693		-	-	6
10,757	5,470		5,287	-	7
-	51,230		-	-	8
708,432	653,898		54,534	-	9
			-	-	10
3,039	3,039		-	-	11
(Continued on Page 263-A)					12

**DISTRIBUTION OF TAXES CHARGED** (Show utility department where applicable and account charged)

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	Line No.
			-	1
			-	2
			-	3
			-	4
			-	5
			-	6
			3	7
			-	8
			170,543	9
			-	10
			-	11
(Continued on Page 263-A)				12



Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
-	-	-	-	-	13
(765,899)	(534,300)	3,754,967	3,716,394	-	14
					15
					16
			24,189		17
					18
(344,083)	(151,891)	6,836			19
597,676	(1,200)	(6,836)	592,040		20
					21
					22
					23
					24
					25
(Continued on Page 263-B)					26

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)				Line No.
Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	
			-	13
			-	14
			170,546	15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
(Continued on Page 263-B)				26

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)		BALANCE AT BEGINNING OF YEAR	
			Taxes Accrued (b)	Prepaid Taxes (c)
27	State Taxes (Cont'd) Property:	2005	10,000	
28		2006	8,219	
29		2007	39,588	
30		2008	18,797	
31		2009	7,483	
32		2010	107,549	
33		2011	456,754	
34		2012	2,236,000	
35		2013	-	
36	Sales and Use:	2012	4,527	
37	Unemployment:	2011	716	
38		2012	-	
39	Capital Stock & Franchise:	2012	(12,726)	
40	<b>TOTAL</b> (Continued on Page 262-C)			

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 409.1)  (l)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (i)
27		(10,000)		-
28		(8,219)		-
29		(39,588)		-
30		(18,797)		-
31		(7,483)		-
32		-		-
33		7,171		-
34		2,421,675		-
35		-		-
36		2,050		-
37		-		-
38		9,637		-
39		4,877		-
40	<b>TOTAL</b> (Continued on Page 262-C)			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
(10,000)			-		27
(8,219)			-		28
(39,588)	-	-	-		29
(18,797)			-		30
(7,483)			-		31
-	104,267		3,282		32
7,171	367,272		96,653		33
185,671	1,295,889		1,125,782		34
2,424,000	-		2,424,000		35
5,234	9,493		268		36
-	716		-		37
12,540	11,643		897		38
4,877	2,303		(10,152)		39
			(Continued on Page 263-C)		40

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)**

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	Line No.	
			-	27	
			-	28	
			-	29	
			-	30	
			-	31	
			-	32	
			-	33	
			(2,236,000)	34	
			2,424,000	35	
			3,184	36	
			-	37	
			2,903	38	
			-	39	
			(Continued on Page 263-C)		40

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars(details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

Line No.	Kind Of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
41			
42	Total State Taxes	3,086,451	-
43			
44	Other: Adjustment Due to Rounding	-	
45			
46			
47			
48			
49			
50	<b>TOTAL TAXES</b>	3,279,477	-

Line No.	DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)			
	Electric (Account 408.1 408.1)  (i)	Gas (Account 408.1 409.1)  (j)	Other Utility Departments (Account 408.1 409.1)  (k)	Other Income and Deductions (Account 408.2 409.2)  (l)
41				
42	-	2,471,380	-	143,537
43				
44		-		-
45		-		
46				
47				
48				
49				
50	<b>TOTAL TAXES</b>	(38,367)	-	1,716,839

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and State Income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column(a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (l) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

10. Items under \$250,000 may be grouped.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (See page 262-D) (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
					41
2,809,000	1,638,492	-	4,256,960	-	42
-	-	-	-		43
					44
					45
					46
					47
					48
					49
2,043,101	1,104,192	3,754,967	7,973,354	-	50

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)**

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (See Page 263-D) (p)	Line No.
				41
-	-	-	194,087	42
				43
				44
				45
				46
				47
				48
				49
-	-	-	364,634	50

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo.,Da.,Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

**Detail of Schedule 263, Column (f)**

<u>Description</u>	<u>Amount</u>
<b>Federal Taxes</b>	
<b>Income Taxes</b>	
Reclassification of Non UTP balance to asset account - Lines 1	\$ 2,784,005
Reclassification of Non UTP balance to asset account - Lines 2	\$ 971,677
Federal Fuels Tax Credit - Line 5	\$ (715)
<b>Total Federal Tax Adjustments - Page 263-A, Line 15</b>	<b>\$ 3,754,967</b>
<b>State Taxes:</b>	
<b>Income Taxes</b>	
Transfer prior Overpayment to Current year - Line 20 & 21	\$ 0
<b>Total State Adjustments - Page 263-C, Line 43</b>	<b>\$ 0</b>
<b>Total Adjustments - Page 263-C, Line 50, Column (f)</b>	<b>\$ 3,754,967</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report End of 2012/Q4
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

**Detail of Schedule 263, Column (p)**

Kind of Tax	Account Charged	Amount
Federal Taxes: Unemployment	107	2,899
	108	256
	146	110
	163 - 183	(851)
	186	28
	234	(2,452)
	253	13
Total Page 263, Line 7		3
F.I.C.A.	107	186,113
	108	16,379
	146	7,062
	163 - 182	(43,182)
	234	2,449
	186	1,722
Total Page 263, Line 9		170,543
State Taxes: Deferred Property Tax Expense		
Amortize 2012 estimate to exp	174	(2,236,000)
Establish estimated 2013 liab	174	2,424,000
Total Page 263-B, Lines 34-35		188,000
Use Tax, Current Year	VARIOUS	3,184
Total Page 263-B, Line 36		3,184
Unemployment	107	3,397
	108	300
	146	130
	163 - 183	(1,001)
	186	32
	234	30
	253	15
Total Page 263-B, Line 38		2,903
Total Federal and State Taxes, Page 263-C, Line 50		364,634

Name of Respondent	This Report Is:	Date of Report	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr.) March 31, 2013	Dec. 31, 2012

**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Describe and report the amount of other current and accrued liabilities at the end of year.      2. Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Accrued Vacations/Payroll	778,352
2	Exchange Gas	17,060,777
3	Unclaimed Funds	202,992
4	Dental Assistance Plan	11,269
5	Medical Plan	80,254
6	Post Employee Benefits	147,822
7	Customer A/R Credit Balances	13,107,488
8	Wages Payable	772,285
9	Rate Refunds	364,425
10	Profit Sharing Plan	86,038
11	Other Miscellaneous and Accrued Liabilities (6 items)	96,527
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43	<b>TOTAL</b>	<b>32,708,229</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the details called for concerning other deferred credits  
 2. For any deferred credits being amortized, show the period of amortization.  
 3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		CREDITS	Balance at End of Year (f)
			Contra Account (c)	Amount (d)	Amount (e)	
1	Post Employment Benefits Non-Current	1,253,473	242,926	209,506	419,010	1,462,977
2						
3	Civic Center Building Lease	166,152	186	56,967	0	109,185
4						
5	Nicole Energy Reserve	402,683	144	0	6,437	409,120
6						
7	Banked Vacation	328,536	242	177,928	148,292	298,900
8						
9	Other Miscellaneous and Deferred Credits (1 items)	7,771	Various	7,771	0	0
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43	<b>Total</b>	<b>2,158,615</b>		<b>452,172</b>	<b>573,739</b>	<b>2,280,182</b>

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.      2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Gas Depreciation	29,582,440	1,154,230	242,516
4.02	Gas Depreciation- Bonus	16,823,091	2,329,799	110,389
4.03	Gas Depreciation - State Nonconforming Bonus	(2,057,243)	20,575	145,261
4.04	Property Removal Costs	462,470	15,055	0
4.05	Gain/Loss on Retirements	5,333,182	228,903	158,010
4.06	Contribution In Aid of Construction	(1,528,180)	0	169,281
4.07	Builder Incentive	(34,346)	4,907	0
4.08	Capitalized Interest - Section 263(A)	258,948	18,133	17,051
4.09	Software Costs	(7,446)	2,101,608	82,154
4.10	Deferred Tax on Non-Rate Base Items	(1,824,148)	0	0
4.11	Rate Base 1% Increment	747,484	13,837	1,040
4.12	1% Offset	115,595	671	0
4.13	Repairs	(2,925,109)	2,925,109	0
5	Total (Total of lines 2 thru 4)	44,948,720	8,812,827	925,682
6	Other (Rounding)	0	0	0
7	Total Account 282 (Total of lines 5 thru 6)	44,948,720	8,812,827	925,682
8	Classification of TOTAL			
9	Federal Income Tax	39,240,940	8,053,700	679,960
10	State Income Tax	5,707,780	759,127	245,722
11	Local Income Tax			

**NOTES**

Liberalized Depreciation is based on the declining balance method and is applied to all classes of property. Effective January 1, 1968, Respondent adopted "Flow Through" Accounting for Liberalized Depreciation in accordance with Public Service Commission of Kentucky Order issued December 16, 1968, in Case No. 3196.

Basis for determining Tax Depreciation:

Vintage Year	Tax Return Method	Tax Deprec. Rate	Rate (Book) Treatment	Deferral
Pre-1954	S. L.	Book	Flow Through	(Deferral of Excess BK S/L over DDB fully turned around in 1986 for 1954-67) Excess DDB ADR over DDB Book Excess ACRS over Book S/L Excess MACRS over Book S/L
1954-1967	DDB	Book	Flow Through	
1968-1973	DDB	Book	Flow Through	
1974-1980	DDB	ADR	Deferral	
1981-1986	ACRS	ACRS	Deferral	
1987-1998	MACRS	MACRS	Deferral	

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**ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282) (Continued)**

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.01 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)	(k)	
							1
							2
							3
							4
0	0	282-2953	1) 29,872		0	30,464,282	4.01
0	0		0		0	19,042,501	4.02
0	0		0		0	(2,181,929)	4.03
0	0	282-2953	1) 206		0	477,319	4.04
0	0	282-2953	1) 3,761		0	5,400,314	4.05
0	0		0	282-2953	1) 50	(1,695,391)	4.06
0	0		0		0	(29,439)	4.07
0	0		0		0	260,030	4.08
0	0		0		0	2,012,008	4.09
0	0		0	254-3518	2) 99,043	(1,725,103)	4.10
0	0		0	282-2953	1) 33,789	794,050	4.11
0	0		0		0	116,266	4.12
0	0		0		0	0	4.13
0	0		33,839		132,882	52,934,908	5
0	0		0		0	0	6
0	0		33,839		132,882	52,934,908	7
							8
0	0		33,839		126,171	46,707,012	9
0	0		0		6,711	6,227,896	10
							11

**NOTES**

1) 1% Increment/Offset for the writeup of deferred accounts to 35%.

2) Regulatory Liability balance sheet entries.

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization
2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas (See Other)			
4	Other (Define)			
4.01	Property Taxes	(35,136)	143,618	33,344
4.02	Unrecovered Gas Costs	1,266	0	0
4.03	Retirement Income Plan	0	486,522	361,984
4.04	Deferred Intercompany Gains	(678,124)	0	94,622
4.05	Interest Income - Prior Years	1,119	0	0
4.06	Customer Assistance Plan	(1,072,711)	30,921	0
4.07	Legal Liability on Civic Center Bldg.	25,304	0	22,160
4.08	Rate Case Costs	616,884	187,945	379,492
4.09	Retirement Income Plan	2,536,759	0	461,416
4.10	Gas Cost Incentive Plan	101,348	0	30,226
4.11	Uncollectible Accounts	(142,725)	40,140	0
4.12	Prepaid Assets	207,540	0	1,236
4.13	Intercompany Gain	696,649	0	0
4.14	Accelerated Charitable Contributions	(149,601)	0	0
4.15	Deferred NOL Carryforward	0	0	0
5	Total (Total of lines 2 thru 4)	2,108,572	889,146	1,384,480
6	Other (Rounding)	0	0	0
7	Total Account 283 (Total of lined 5 thru 6)	2,108,572	889,146	1,384,480
8	Classification of TOTAL			
9	Federal Income Tax	1,867,721	752,003	1,170,936
10	State Income Tax	240,851	137,143	213,544
11	Local Income Tax			

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**ACCUMULATED DEFERRED INCOME TAXES-OTHER (Account 283) (Continued)**

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.01 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
							4
0	0		0		0	75,138	4.01
0	0		0		0	1,266	4.02
0	0		0		0	124,538	4.03
0	0		0		0	(772,746)	4.04
45,383	0		0	190-5903/7903	1) 2,719	49,221	4.05
0	0		0		0	(1,041,790)	4.06
0	0		0		0	3,144	4.07
0	0		0		0	425,337	4.08
0	0		0		0	2,075,343	4.09
0	0		0		0	71,122	4.10
0	0		0		0	(102,585)	4.11
0	0		0		0	206,304	4.12
102,455	0		0		0	799,104	4.13
0	52,874		0		0	(202,475)	4.14
	0		0		0	0	4.15
147,838	52,874		0		2,719	1,710,921	5
0	0		0		0	0	6
147,838	52,874		0		2,719	1,710,921	7
							8
140,838	52,874		0		2,300	1,539,052	9
7,000	0		0		419	171,869	10
							11

**NOTES**

1) Reclass Entry

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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**OTHER REGULATORY LIABILITIES (Account 254)**

1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

2. For any regulatory liabilities being amortized, show period of amortization in column (a)

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000 whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities  (a)	Balance at Beginning of Year  (b)	DEBITS		Credits  (e)	Balance at End of Year  (f)
			Account Credited  (c)	Amount  (d)		
1						
2	Regulatory Effect of					
3	Adopting SFAS No. 96	2,138,133	190	188,144	40,045	1,990,034
4						
5	Reclassification of Regulatory	1,427,475	182	548,607	510,707	1,389,575
6	Assets With Negative Balances					
7						
8	Off System Sales-Unbilled	666,371	Various	1,125,181	1,462,423	1,003,613
9						
10	OPEB Medicare Subsidy	15,838	190	15,838	0	0
11						
12	Demand Side Management	1,330,131	Various	1,159,400	1,117,812	1,288,543
13						
14	Tennessee Gas Pipeline Refund	109,897	143/242	219,793	109,896	0
15						
16	Gas Cost Uncollectible Charge	47,501	904	1,505,897	1,670,509	212,113
17						
18						
19						
20						
21						
22						
23						
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25						
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27						
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42						
43						
44						
45						
46						
47	<b>Total</b>	5,735,346		4,762,860	4,911,392	5,883,878

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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**GAS OPERATING REVENUES**

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns ( b ) and ( c ) include transition costs from upstream pipelines.
3. Other Revenues in columns ( f ) and ( g ) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns ( b ) through ( e ). Include in columns ( f ) and ( g ) revenues for Accounts 480 - 496.

Line No.	Title of Account  (a)	REVENUES for Transition Costs and Take - or - Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	480-484 Sales				
2	485 Intracompany Transfers				
3	487 Forfeited Discounts				
4	488 Miscellaneous Service Revenues				
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities				
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
8	489.4 Revenues from Storing Gas of Others				
9	490 Sales of Prod. Ext. from Natural Gas				
10	491 Revenues from Natural Gas Proc by Others				
11	492 Incidental Gasoline and Oil Sales				
12	493 Rent from Gas Property				
13	494 Interdepartmental Rents				
14	495 Other Gas Revenues				
15	Subtotal:				
16	496 (Less) Provision for Rate Refunds				
17	TOTAL:				

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**GAS OPERATING REVENUES (CONTINUED)**

4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote.

6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.

5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.

OTHER REVENUES		TOTAL OPERATING REVENUES		DTH OF NATURAL GAS	
Amount for Current Year	Amount for Prior Year	Amount for Current Year	Amount for Prior Year	Amount for Current Year	Amount for Prior Year
(f)	(g)	(h)	(i)	(j)	(k)
77,752,487	101,639,277	77,752,487	101,639,277	8,690,927	10,633,122
408,197	572,294	408,197	572,294		
149,537	131,251	149,537	131,251		
19,408,988	19,652,791	19,408,988	19,652,791	23,092,888	24,039,332
16,824	16,828	16,824	16,828		
3,351,420	23,301,702	3,351,420	23,301,702	-	-
101,085,453	145,314,143	101,085,453	145,314,143	31,773,815	34,672,454
				-	-
101,085,453	145,314,143	101,085,453	145,314,143	31,773,815	34,672,454

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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**Revenues from Transportation of Gas of Others Through Gathering Facilities (Account 489.1)**

1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

Line No.	Rate Schedule and Zone of Receipt  (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenue for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
8					
9					
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11					
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13					
14					
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Revenues from Transportation of Gas of Others Through Gathering Facilities (Account 489.1)**

3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).  
4. Delivered Dth of gas must not be adjusted for discounting.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1						
2						
3						
4						
5						
6						
7						
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.,Da.,Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).

Line No.	Zone of Delivery Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
8					
9					
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11					
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Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

4. Delivered Dth of gas must not be adjusted for discounting.  
5. Each incremental rate schedule and each individually certified rate schedule must be separately reported.  
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1						
2						
3						
4						
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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report <b>Dec. 31, 2012</b>
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**Revenues from Storing Gas of Others (Account 489.4)**

1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and In total.
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.
3. Other revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).

Line No.	Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay	Revenues for Transition Costs and Take-or-Pay	Revenues for GRI and ACA	Revenues for GRI and ACA
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	Not Applicable				
2					
3					
4					
5					
6					
7					
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Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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Revenues from Storing Gas of Others (Account 489.4)

4. Dth of gas withdrawn from storage must not be adjusted for discounting.  
5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1						
2						
3						
4						
5						
6						
7						
8						
9						
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<b>Name of Respondent</b> COLUMBIA GAS OF KENTUCKY, INC.	<b>This Report Is:</b> <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	<b>Date of Report (Mo.Da.Yr.)</b> March 31, 2013	<b>Year of Report</b> Dec. 31, 2012
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**OTHER GAS REVENUES (ACCOUNT 495)**

1. For transactions with annual revenues of \$250,000 or more, describe, for each transaction, commissions on sales of distribution of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of

materials and supplies, sale of steam, water, or electricity, miscellaneous royalties, revenues from hydration, other processing of gas of others, and gains on settlements of imbalance receivables. Separately report revenues from cash-out penalties.

Line No.	Description of Transaction ( a )	Amount (in dollars) ( b )
1	Off System Sales	3,168,865
2	Unbilled Revenue	(390,000)
3	Choice Marketer Fees	302,602
4	Miscellaneous - Other Gas Revenues	269,953
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
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26	<b>TOTAL</b>	<b>3,351,420</b>

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COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo.Da.Yr.) March 31, 2013	Dec. 31, 2012

**GAS OPERATION AND MAINTENANCE EXPENSES**

1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnotes.

2. Provide in footnotes the sources of the index used to determine the price for gas supplied by shippers as reflected on line 74.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)*	1,600	1,671
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Well Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Total of lines 7 thru 17)		
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Measuring and Regulating Station Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Total of lines 20 thru 28)		
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)		

\*(SEE PAGE 317A)

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
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**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

**Supplemental Schedule**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Liquefied Petroleum Gas - AIR		
4	Operation		
5	717 Liquefied Petroleum Gas Expense	1,600	1,671
6	723 Fuel For Liquefied Petroleum Gas Process		
7	728 Liquefied Petroleum Gas		
8	736 Rents		
9	Total Operation	1,600	1,671
10	Maintenance		
11	741 Structures and Improvements		
12	742 Production Equipment		0
13	TOTAL Maintenance		0
14	TOTAL Manufactured Gas Production Expenses	1,600	1,671

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Others		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	(Less) 782 Extracted Products Used by the Utility-Credit		
46	783 Rents		
47	TOTAL Operation (Total of Lines 33 thru 46)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering		
50	785 Maintenance of Structures and Improvements		
51	786 Maintenance of Extraction and Refining Equipment		
52	787 Maintenance of Pipe Lines		
53	788 Maintenance of Extracted Products Storage Equipment		
54	789 Maintenance of Compressor Equipment		
55	790 Maintenance of Gas Measuring and Regulating Equipment		
56	791 Maintenance of Other Equipment		
57	TOTAL Maintenance (Total of lines 49 thru 56)		
58	TOTAL Products Extraction (Total of lines 47 and 57)		

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals		
62	796 Nonproductive Well Drilling		
63	797 Abandoned Leases		
64	798 Other Exploration		
65	TOTAL Exploration and Development (Total of lines 61 thru 64)		
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases		
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
70	801 Natural Gas Field Line Purchases	461,714	738,573
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0
72	803 Natural Gas Transmission Line Purchases	42,796,025	88,003,143
73	804 Natural Gas City Gate Purchases	669,543	1,436,499
74	804.1 Liquefied Natural Gas Purchases		
75	805 Other Gas Purchases (excluding 805.1)		
76	805.1 Purchases Gas Costs Adjustments	1,536,268	2,852,956
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	45,463,550	93,031,171
78	806 Exchange Gas	(6,129,738)	747,458
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations		
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expenses		
84	807.5 Other Purchased Gas Expenses	433,469	437,626
85	Total Purchased Gas Expenses (Total of lines 80 thru 84)	433,469	437,626

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**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage-Debit	28,995,002	36,016,145
87	(Less) 808.2 Gas Delivered to Storage-Credit	25,292,118	43,899,803
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	-	-
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	-	-
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit		
92	811 Gas Used for Products Extraction-Credit		
93	812 Gas Used for Other Utility Operations-Credit	57,771	78,098
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	57,771	78,098
95	813 Other Gas Supply Expenses	16,205	-
96	TOTAL Other Gas Supply Exp.(Total of lines 77,78,85,86 thru 89, 94,95)	43,428,599	86,254,499
97	TOTAL Production Expenses (Total of lines 3,30,58,65, and 96)	43,430,199	86,256,170
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering	-	-
102	815 Maps and Records	-	-
103	816 Wells Expenses	-	-
104	817 Lines Expense	-	-
105	818 Compressor Station Expenses	-	-
106	819 Compressor Station Fuel and Power	-	-
107	820 Measuring and Regulating Station Expenses	-	-
108	821 Purification Expenses	-	-
109	822 Exploration and Development	-	-
110	823 Gas Losses	-	-
111	824 Other Expenses	-	-
112	825 Storage Well Royalties	-	-
113	826 Rents	-	-
114	TOTAL Operation (Total of lines 101 thru 113)	-	-

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering		
117	831 Maintenance of Structures and Improvements		
118	832 Maintenance of Reservoirs and Wells		
119	833 Maintenance of Lines		
120	834 Maintenance of Compressor Station Equipment		
121	835 Maintenance of Measuring and Regulating Station Equipment		
122	836 Maintenance of Purification Equipment		
123	837 Maintenance of Other Equipment		
124	TOTAL Maintenance (Total of lines 116 thru 123)		
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)		
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering		
129	841 Operation Labor and Expenses		
130	842 Rents		
131	842.1 Fuel		
132	842.2 Power		
133	842.3 Gas Losses		
134	TOTAL Operation (Total of lines 128 thru 133)		
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering		
137	843.2 Maintenance of Structures and Improvements		
138	843.3 Maintenance of Gas Holders		
139	843.4 Maintenance of Purification Equipment		
140	843.5 Maintenance of Liquefaction Equipment		
141	843.6 Maintenance of Vaporizing Equipment		
142	843.7 Maintenance of Compressor Equipment		
143	843.8 Maintenance of Measuring and Regulating Equipment		
144	843.9 Maintenance of Other Equipment		
145	TOTAL Maintenance (Total of lines 136 thru 144)		
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)		

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
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**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminating and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering		
150	844.2 LNG Processing Terminal Labor and Expenses		
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Expenses		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	(less) 845.5 Wharfage Receipts-Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Total of lines 149 thru 164)		
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment		
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment		
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment		
175	TOTAL Maintenance (Total of lines 167 thru 174)		
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175)		
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)		

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering			
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses			
187	857 Measuring and Regulating Station Expenses			
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Total of lines 180 thru 190)			
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains			
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Regulating Station Equipment			
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment			
200	TOTAL Maintenance (Total of lines 193 thru 199)			
201	TOTAL Transmission Expenses (Total of lines 191 and 200)			
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	677,870	688,029	
205	871 Distribution Load Dispatching	14,562	13,271	
206	872 Compressor Station Labor and Expenses			
207	873 Compressor Station Fuel and Power			

Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
208	874 Mains and Services Expenses	2,773,518	2,741,804	
209	875 Measuring and Regulating Station Expenses-General	269,974	228,708	
210	876 Measuring and Regulating Station Expenses-Industrial	87,795	58,651	
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	-	-	
212	878 Meter and House Regulator Expenses	1,512,436	1,519,003	
213	879 Customer Installations Expenses	1,444,096	1,394,524	
214	880 Other Expenses	1,059,087	1,317,117	
215	881 Rents	81,888	80,430	
216	TOTAL Operation (Total of lines 204 thru 215)	7,921,226	8,041,535	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	13,749	14,289	
219	886 Maintenance of Structures and Improvements	211,724	151,675	
220	887 Maintenance of Mains	1,531,166	1,178,452	
221	888 Maintenance of Compressor Station Equipment			
222	889 Maintenance of Measuring and Regulating Station Equipment-General	283,501	181,099	
223	890 Maintenance of Meas. And Reg. Station Equipment-Industrial	101,405	68,843	
224	891 Maintenance of Meas. And Reg. Station Equip-City Gate Check Station			
225	892 Maintenance of Services	231,514	427,857	
226	893 Maintenance of Meters and House Regulators	239,167	209,318	
227	894 Maintenance of Other Equipment	336,986	262,403	
228	TOTAL Maintenance (Total of lines 218 thru 227)	2,949,212	2,493,936	
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	10,870,438	10,535,471	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	6,976	6,374	
233	902 Meter Reading Expenses	1,473,257	1,494,023	
234	903 Customer Records and Collection Expenses	3,122,230	3,179,743	

Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	534,470	594,182	
236	905 Miscellaneous Customer Accounts Expenses	1,697	1,528	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	5,138,630	5,275,850	
238	<b>6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>			
239	Operation			
240	907 Supervision	41,062	40,065	
241	908 Customer Assistance Expenses	1,155,110	996,351	
242	909 Informational and Instructional Expenses	48,751	44,740	
243	910 Miscellaneous Customer Service and Informational Expenses	357,958	450,184	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	1,602,881	1,531,340	
245	<b>7. SALES EXPENSES</b>			
246	Operation			
247	911 Supervision	-	-	
248	912 Demonstrating and Selling Expenses	33,383	10,539	
249	913 Advertising Expenses	38,660	85,124	
250	916 Miscellaneous Sales Expenses	-	-	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	72,043	95,663	
252	<b>8. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
253	Operation			
254	920 Administrative and General Salaries	1,107,537	1,100,053	
255	921 Office Supplies and Expenses	482,626	359,406	
256	(Less) 922 Administrative Expenses Transferred-Credit	-	-	
257	923 Outside Services Employed	9,341,810	8,765,353	
258	924 Property Insurance	83,149	82,881	
259	925 Injuries and Damages	804,297	940,903	
260	926 Employee Pensions and Benefits	2,557,770	1,914,531	
261	927 Franchise Requirements	-	-	
262	928 Regulatory Commission Expenses	269,660	299,672	
263	(Less) 929 Duplicate Charges-Credit	-	-	
264	930.1 General Advertising Expenses	-	-	
265	930.2 Miscellaneous General Expenses	22,792	13,464	
266	931 Rents	10,750	12,871	
267	TOTAL Operation (Total of lines 254 thru 266)	14,680,391	13,489,134	
268	Maintenance			
269	935 Maintenance of General Plant	545	-	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	14,680,936	13,489,134	
271	TOTAL Gas O & M Expenses (Total of lines 97,177,201,229,237,244,251 and 270)	75,795,127	117,183,628	

<b>Name of Respondent</b> COLUMBIA GAS OF KENTUCKY, INC.	<b>This Report Is:</b> <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	<b>Date of Report</b> (Mo, Da, Yr) March 31, 2013	<b>Year of Report</b> Dec. 31, 2012
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**EXCHANGE AND IMBALANCE TRANSACTIONS**

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amount of imbalances associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchange.

If respondent does not have separate zones, provide totals by rate schedule. Minor transactions (less than 100,000 Dth) may be grouped.

Line No.	Zone/Rate Schedule  ( a )	Gas Received from Others		Gas Delivered to Others	
		Amount ( b )	DTH ( c )	Amount ( d )	DTH ( e )
1	Off System Sales	(6,097,180)	587,278		
2	Transportation Imbalances with Pipelines				
3	Transportation Imbalances with End Users	(32,558)	(116,569)		
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	(6,129,738)	470,709	-	-

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**GAS USED IN UTILITY OPERATIONS**

1. Report below details of credits during the year to Accounts 810, 811, and 812
2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the MCF of gas used, omitting entries in column (d)

Line No	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas		Manufactured Gas	
			Gas Used (DTH)  (c)	Amount of Credit (in dollars)  (d)	Gas Used (DTH)  (e)	Amount of Credit  (f)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage In Respondent's Own Processing					
4	Gas Shrinkage, etc for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6	Heat for Building and Other Uses:	874 875 880 921 236		4,788 8,704 546	19,704 35,822 2,245 -	
7						
8						
9						
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22						
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24						
25						
	<b>TOTAL</b>			14,038	57,771	

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC</b>	This Report Is: (X) An Original ( ) A Resubmission	Date of Report <b>March 31, 2013</b>	Year of Report <b>Dec. 31, 2012</b>
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**Transmission and Compression of Gas by Others (Account 858)**

1. Report below the details concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000 Dth) may be grouped. Also, include in column (c) amounts paid as transmission costs to an upstream pipeline.
2. In column (a) give name of companies, point of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system.
3. Designate associated companies with an asterisk in column (b).

Line No.	Name of Company and Description of Services Performed <i>(a)</i>	<i>(b)</i>	Amount of Payment (in dollars) <i>(c)</i>	Dth of Gas Delivered <i>(d)</i>
1				
2	Not Applicable			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	Total			

Name of Respondent	This Report Is:	Date of Report	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo.Da.Yr.) March 31, 2013	Dec. 31, 2012

**Other Gas Supply Expenses ( Account 813 )**

1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of each such expense. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4 and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classifications and purposes to which any expenses relate. List separately items of \$250,000 or more.

Line No	Description (a)	Amount (in dollars) (b)
1	Intercompany Off-System Exchange Activity	16,205
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
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22		
23		
24		
25	Total	16,205

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**MISCELLANEOUS GENERAL EXPENSES (Account 930.2)**

1. Provide the information requested below on miscellaneous general expenses.

2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items so grouped is shown.

Line No	Description (a)	Amount (in dollars) (b)
1	Industry association dues	51,364
2	Experimental and general research expenses a. Gas Research Institute (GRI) b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Rent Allocation for NISource Corporate Services	(28,572)
5		
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21		
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24		
25	<b>TOTAL</b>	<b>22,792</b>

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Name of Respondent <b>Columbia Gas of Kentucky, Inc.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2013	Year Ending Dec. 31, 2012
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**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405)  
(Except Amortization of Acquisition Adjustments)**

1 Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown

2 Report in Section B column (b) all depreciation or amortizable plant balances to which rates are applied and show a composite total (if more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a) Indicate in a footnote the manner in which column (b) balances are

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Functional Classification  (a)	Depreciation Expense (Account 403)  (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant	0		
2	Production plant, manufactured gas	0		
3	Production and gathering plant, natural gas	0		
4	Products extraction plant	0		
5	Underground gas storage plant	0		
6	Other storage plant	0		
7	Base load LNG terminaling and processing plant	0		
8	Transmission plant	0		
9	Distribution plant	5,940,341		
10	General plant	23,925		
11	Common plant - gas	0		
12	<b>TOTAL</b>	<b>5,964,266</b>	<b>0</b>	<b>0</b>

Name of Respondent  <b>Columbia Gas of Kentucky, Inc.</b>	This Report is:	Date of Report (Mo, Da, Yr) March 31, 2013	Year Ending Dec. 31, 2012
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**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405)  
(Except Amortization of Acquisition Adjustments)**

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used

to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Amortization of Other Limited-term Gas Plant (Account 404.3)  (e)	Amortization of Other Gas Plant (Account 405)  (f)	Total (b to f)  (g)	Functional Classification  (a)	Line No.
430,657		430,657	Intangible plant	1
		0	Production plant, manufactured gas	2
		0	Production and gathering plant, natural gas	3
		0	Products extraction plant	4
		0	Underground gas storage plant	5
		0	Other storage plant	6
		0	Base load LNG terminaling and processing plant	7
		0	Transmission plant	8
7,793		5,948,134	Distribution plant	9
273,841		297,766	General plant	10
		0	Common plant - gas	11
712,291	0	6,676,557	TOTAL	12

Name of Respondent  <b>Columbia Gas of Kentucky, Inc.</b>	This Report is:	Date of Report (Mo, Da, Yr)	Year Ending
	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)**

4 Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

**Section B, Factors Used In Estimating Depreciation Charges**

Line No.	Functional Classification  (a)	Depreciation Plant Base (thousands)  (b)	Applied Depreciation or Amortization Rates (percent)  (c)
1	Production and Gathering Plant		
2	Offshore		
3	Onshore		
4	Underground Gas Storage Plant		
5	Transmission Plant		
6	Offshore		
7	Onshore		
8	General Plant	5,217	5.71%
9	Liquefied Petroleum Gas - Air Plant	0	0
10	Distribution Plant	301,715	1.97%
11			
12			
13			
14			
15	Total	306,932	2.03%

**Notes to Depreciation, Depletion and Amortization of Gas Plant**

Straight-line depreciation accruals are computed monthly by applying one-twelfth of the annual depreciation rate to the balance of the property account at the beginning of each month. Depreciation rates cannot be fixed solely on the basis of statistical studies. While statistical studies based upon past experience have value in making judgments, management must also consider current or anticipated changes in operating conditions, gas supply, physical conditions, technological breakthroughs and short and long-range construction projects.

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) *Miscellaneous Amortization (Account 425)* - Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* - Report the nature, payee and amount of other income deductions for the year as required by Accounts 426 1, *Donations*; 426 2, *Life Insurance*; 426 3, *Penalties*; 426 4, *Expenditures for Certain Civic, Political and Related Activities*; and 426 5, *Other Deductions*, of the Uniform System of Accounts.

Amounts less than \$250,000 may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies (Account 430)* - For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense (Account 431)* - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	ACCOUNT 425	
2	MISCELLANEOUS AMORTIZATIONS	
3		
4	ACCOUNT 426	
5	CONTRIBUTIONS	124,397
6	ENERGY ASSISTANCE PROGRAM	20,224
7	SHAREHOLDER PORTION OF ENERGY ASSISTANCE PROGRAM	174,996
8	OTHER	23,713
9		
10		
11		
12	TOTAL ACCOUNT 426	343,330
13		
14	ACCOUNT 430	
15	INSTALLMENT PROMISSORY NOTES (SEE PAGES 257-A)	4,672,202
16		
17	TOTAL ACCOUNT 430	4,672,202
18		
19	ACCOUNT 431	
20	RATE REFUNDS	-
21	CUSTOMER DEPOSITS	78,057
22	INTEREST EXPENSE	9,629
23		
24		
25		
26		
27	TOTAL ACCOUNT 431	87,686
28		
29		
30		
31		
32		
33		
34		

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr.) March 31, 2013	Year Ending Dec 31, 2012
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**REGULATORY COMMISSION EXPENSES (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No	Description (Furnish name of regulatory commission or body, the docket number and a description of the case)	Assessed by Regulatory Commission	Expenses of Utility	Total Expenses to date	Deferred in Account 182 3 at Beginning of Year
	(a)	(b)	(c)	(d)	(e)
1					
2					
3	Assessment Fees Based on Revenue	195,539		195,539	
4					
5					
6	Rate Case Expense 2009		74,121	74,121	
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23	<b>TOTAL</b>	<b>195,539</b>	<b>74,121</b>	<b>269,660</b>	<b>-</b>

Name of Respondent Columbia Gas of Kentucky, Inc.		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) March 31, 2013		Year Ending Dec 31, 2012	
REGULATORY COMMISSION EXPENSES (Continued)							
3. Show in Column (k) any expenses incurred in prior years that are being amortized. List in Column (a) the period of amortization. 4. Identify separately all annual charge adjustments (ACA).				5. List in column (f), (g), and (h) expenses incurred during the year which were charges currently to income, plant or other accounts. 6. Minor items (less than \$250,000) may be grouped.			
EXPENSES INCURRED DURING YEAR					AMORTIZED DURING THE YEAR		
Line No	CHARGED CURRENTLY TO			Deferred to Account 182.3	Contra Account	Amount	Deferred in Account 182.3 End of Year
	Department	Account No	Amount				
	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1							
2							
3	Gas	928	195,539				
4							
5							
6	Gas	928	74,121				
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24			269,660				

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report March 31, 2013	Year of Report Dec. 31, 2012
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**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 74.01, 74.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	0		
4	Transmission	0		
5	Distribution	0		
6	Customer Accounts	0		
7	Customer Service and Informational	0		
8	Sales	0		
9	Administrative and General	0		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	0		
11	Maintenance			
12	Production	0		
13	Transmission	0		
14	Distribution	0		
15	Administrative and General	0		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	0		
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	0		
19	Transmission (Total of lines 4 and 13)	0		
20	Distribution (Total of lines 5 and 14)	0		
21	Customer Accounts (line 6)	0		
22	Customer Service and Informational (Transcribe from line 7)	0		
23	Sales (line 8)	0		
24	Administrative and General (Total of lines 9 and 15)	0		
25	TOTAL Operation (Total of lines 18 thru 24)	0	0	0
26	Gas			
27	Operation			
28	Production - Manufactured Gas	0		
29	Production - Natural Gas (Including Exploration and Development)	0		
30	Other Gas Supply	0		
31	Storage, LNG Terminating and Processing	0		
32	Transmission	0		
33	Distribution	4,057,266		
34	Customer Accounts	888,969		
35	Customer Service and Informational	11,402		
36	Sales	0		
37	Administrative and General	1,107,513		
38	TOTAL Operation (Total of lines 28 thru 37)	6,065,160		
39	Maintenance			
40	Production - Manufactured Gas	0		
41	Production - Natural Gas (Including Exploration and Development)	0		
42	Other Gas Supply	0		
43	Storage, LNG Terminating and Processing	0		
44	Transmission	0		
45	Distribution	1,277,069		
46	Administrative and General	0		
47	TOTAL Maintenance (Total of lines 40 thru 46)	1,277,069		

Name of Respondent	This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
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**DISTRIBUTION OF SALARIES AND WAGES (Continued)**

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas (Continued)			
48	Total Operation and Maintenance			
49	Production - Manufactured Gas (Lines 28 and 40)	0	-	0
50	Production - Natural Gas (Including Expl. and Dev.) (Lines 29 and 41)	-	-	-
51	Other Gas Supply (Lines 30 and 42)	0	-	0
52	Storage, LNG Terminating and Processing (Lines 31 and 43)	-	-	-
53	Transmission (Lines 32 and 44)	-	-	-
54	Distribution (Lines 33 and 45)	5,334,335	13,315	5,347,650
55	Customer Accounts (Line 34)	888,969	1,258	890,225
56	Customer Service and Informational (Line 35)	11,402	-	11,402
57	Sales (Line 36)	-	-	0
58	Administrative and General (Lines 37 and 46)	1,107,513	125	1,107,638
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	7,342,219	14,696	7,356,915
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	7,342,219	14,696	7,356,915
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	-	-	-
66	Gas Plant	2,850,877	6,808	2,857,683
67	Other	-	-	-
68	TOTAL Construction (Total of Lines 65 thru 67)	2,850,877	6,808	2,857,683
69	Plant Removal (By Utility Departments)			
70	Electric Plant	-	-	-
71	Gas Plant	225,923	739	226,662
72	Other	162,703	-	162,703
73	TOTAL Plant Removal (Total of lines 70 thru 72)	388,626	739	389,365
74	Other Accounts (Specify):			
75				
76				
77				
78				
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	0	-	0
96	TOTAL SALARIES AND WAGES	10,581,722	22,241	10,603,963

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Name of Respondent	This Report Is:	Date of Report	Year Ending
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo., Da., Yr.) March 31, 2013	Dec. 31, 2012

**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 428 4 *Expenditures for Certain Civic, Political and Related Activities*  
(a) Name of person or organization rendering services  
(b) Total charges for the year

2. Designate associated companies with an asterisk in column (b).

Line No	Description (a)	(b)	Amount (in dollars) (c)
1	Nisource Corporate Service, Co.	*	
2	801 E. 88th Avenue		
3	Merrillville, IN 46410		
4			
5	Agrees to furnish at such times, and for such periods and in such manner, as the		
6	respondent may, from time to time desire, accounting and statistical, auditing,		
7	budget, cash management, communications and telecontrol, corporate, electronic		
8	data processing, employee relations, environmental affairs, financial services,		
9	insurance, office space, officers, operation and planning, public relations,		
10	tax, transportation and other services, the description of which is included in		
11	the service agreement.		
12			
13	Actual costs from the service corporation include a reasonable compensation for		
14	necessary capital procured through the issuance of capital stock.		
15			
16	Total Charges For The Year: ACCOUNT		
17			
18			
19	107		1,688,605
20	148		6,957
21	428		14,976
22	807		400,612
23	870		518,601
24	874		12,777
25	885		32
26	887		22,521
27	890		24,935
28	892		3,270
29	893		38,981
30	894		69,187
31	903		1,539,934
32	908		67,442
33	909		48,751
34	910		357,958
35	912		33,383
36	913		38,660
37	920		24
38	923		8,562,526
39			
40			
41			
42			
43			
44	TOTAL		<u>13,449,131</u>
45			
46			
47	Service Agreement effective November 1, 1982 may be terminated upon not less		
48	than thirty days written notice.		
49			
50			
51			
52			

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)**

**2. ANNUAL PAYMENTS OVER \$250,000**

Payee Name	Type of Service & Basis	Account	Amount
Bermex Inc. P.O. Box 633102 Cincinnati, OH 45263	Meter Readings	902	1,005,899
		<b>Total</b>	<b>\$ 1,005,899</b>
CJ Hughes Construction Co. Inc. P. O. Box 7305 Huntington, WV 25776	Pipeline Construction & Maintenance	107	1,552,053
		108	54,410
		183	16,580
		874	14,687
		887	36,509
		892	3,200
<b>Total</b>	<b>\$ 1,677,439</b>		
Community Action Council P.O. Box 11610 Lexington, KY 40576	Non-Profit-Community Development	182	488,294
		903	77,135
		908	488,294
<b>Total</b>	<b>\$ 1,053,723</b>		
Damage Prevention Specialists 1419 Poinsett Hwy Greenville, SC 29609	Consultant Services	874	423,287
		<b>Total</b>	<b>\$ 423,287</b>
Mid-Ohio Pipeline Co. P.O. Box 3049 Lexington, OH 44904	Pipeline Construction & Maintenance	107	970,235
		108	900
		<b>Total</b>	<b>971,135</b>
Premier Energy Services LLC 7383 Dixie Highway Fairfield, OH 45014	Pipeline Construction & Maintenance	107	862,297
		108	3,760
		892	1,190
		<b>Total</b>	<b>\$ 867,247</b>
Stanley Pipeline, Inc. 5425 Paris Road Winchester, Ky 40391	Pipeline Construction & Maintenance	107	4,872,530
		108	282,047
		874	8,360
		879	2,507
		887	375,483
		892	53,133
		WM	1,512
<b>Total</b>	<b>\$ 5,595,572</b>		
Surveys & Analysis 538 Hartford Turnpike Shrewsbury, MA 01545	Field Operations	186	574
		874	251,830
		879	109,830
		887	33,183
		<b>Total</b>	<b>\$ 395,417</b>

Name of Respondent	This Report Is:	Date of Report	Year of Report
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<b>CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES (Continued)</b>			
<b>2. ANNUAL PAYMENTS OVER \$250,000</b>			
<b>Payee Name</b>	<b>Type of Service &amp; Basis</b>	<b>Account</b>	<b>Amount</b>
The Fishel Co	Consultant Services	107	865,513
Corporate Processing Department		108	16,995
Columbus , OH 43271-0746		183	248,489
		874	13,335
		892	5,240
		<b>Total</b>	<b>\$ 1,149,572</b>
<b>Grand Total</b>			

Name of Respondent  <b>Columbia Gas of Kentucky, Inc.</b>	This Report is:	Date of Report (Mo, Da, Yr) March 31, 2013	Year Ending Dec. 31, 2012
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**Compressor Stations**

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and the percentage of ownership if jointly owned.

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Not Applicable			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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Name of Respondent		This Report Is:	Date of Report (Mo.Da.Yr.)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
GAS STORAGE PROJECTS				
1. Report injections and withdrawals of as for all storage projects used by respondent.				
Line No.	Item  (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
<b>Storage Operations (In DTH)</b>				
1	Gas Delivered to Storage			
2	January	9,056	-	9,056
3	February	(2,448)	-	(2,448)
4	March	27,910	-	27,910
5	April	1,529,138	-	1,529,138
6	May	289,942	-	289,942
7	June	1,067,244	-	1,067,244
8	July	1,219,896	-	1,219,896
9	August	1,696,298	-	1,696,298
10	September	1,125,693	-	1,125,693
11	October	405,943	-	405,943
12	November	9,167	-	9,167
13	December	(17,022)	-	(17,022)
14	TOTAL (Enter Total of Lines 2 Thru 13)	7,360,817	-	7,360,817
<b>Gas Withdrawn from Storage</b>				
16	January	2,205,346	-	2,205,346
17	February	2,389,895	-	2,389,895
18	March	838,431	-	838,431
19	April	583,658	-	583,658
20	May	(546,937)	-	(546,937)
21	June	41,742	-	41,742
22	July	0	-	-
23	August	0	-	-
24	September	961	-	961
25	October	134,635	-	134,635
26	November	808,894	-	808,894
27	December	1,598,344	-	1,598,344
28	TOTAL (Enter Total of Lines 16 Thru 27)	8,054,969	-	8,054,969

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**Gas Storage Projects**

1. On line 4, enter the total storage capacity certified by FERC.  
2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	<b>STORAGE OPERATIONS</b>	
1	Top of Working Gas End of Year	
2	Cushion Gas (Including Native Gas)	
3	Total Gas in Reservoir (Total of line 1 and 2)	
4	Certified Storage Capacity	
5	Number of Injection - Withdrawal Wells	
6	Number of Observation Wells	
7	Maximum Days' Withdrawal from Storage	
8	Date of Maximum Days' Withdrawal	
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent <b>COLUMBIA GAS OF KENTUCKY, INC.</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year Ending Dec. 31, 2012
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**Transmission Lines**

1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Lines or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1	Not Applicable		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
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**Transmission System Peak Deliveries**

1. Report below the total transmission system deliveries of gas ( in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the twelve months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, March 31, which permits inclusion of the peak information required on this page. Add rows as necessary to report all data. Number additional rows 8.01, 8.02, etc.

Line No.	Description <i>(a)</i>	Dth of Gas Delivered to Interstate Pipelines <i>(b)</i>	Dth of Gas Delivered to Others <i>(c)</i>	Total <i>(b) + (c)</i> <i>(d)</i>
<b>Section A: Single Day Peak Deliveries</b>				
1				
2	Volumes of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation			
5	Interruptible Transportation			
6				
7	<b>TOTAL</b>			
<b>Section B: Consecutive Three-Day Peak Deliveries</b>				
8	Volumes of Gas Withdrawn from Storage under Storage Contract			
9	No-Notice Storage			
10	Other Firm Storage			
11	Interruptible Storage			
12				
13	<b>TOTAL</b>			
<b>Section C: Other Operational Activities</b>				
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Peak			
17				
18	<b>TOTAL</b>			
<b>Section D: Consecutive Three-Day Peak Deliveries</b>				
19	Section B: Consecutive Three-Day Peak Deliveries			
20				
21	Volumes of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation			
24	Interruptible Transportation			
25				
26	<b>TOTAL</b>			
<b>Section E: Consecutive Three-Day Peak Deliveries</b>				
27	Volumes of Gas Withdrawn from Storage under Storage Contract			
28	No-Notice Storage			
29	Other Firm Storage			
30	Interruptible Storage			
31				
32	<b>TOTAL</b>			
<b>Section F: Other Operational Activities</b>				
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Peak			
36				
37	<b>TOTAL</b>			

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Columbia Gas of Kentucky, Inc.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012

**AUXILIARY PEAKING FACILITIES**

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.

2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.

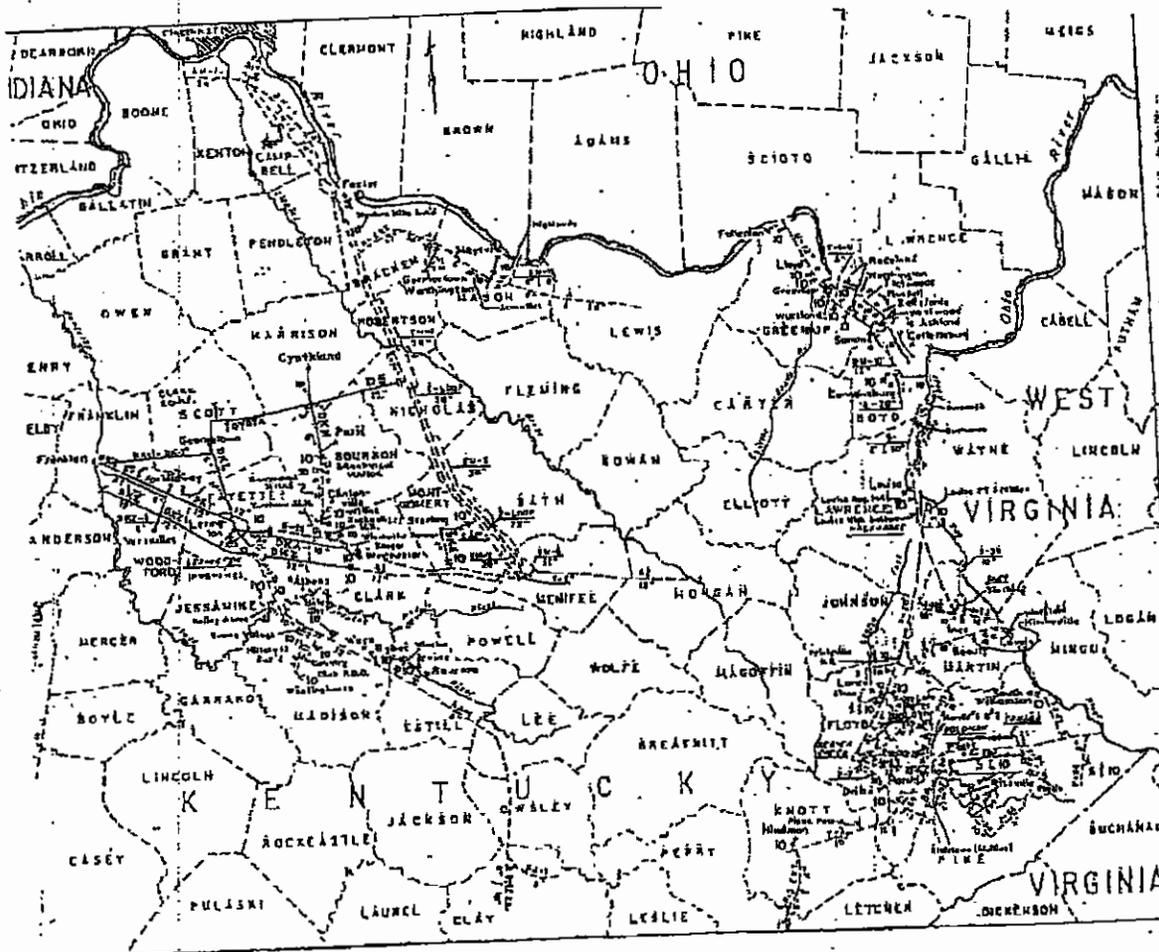
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Mcf (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes (e)	No (f)
1			<b>*Nothing To Report</b>			
2						
3						
4						
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25						
26						

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.	<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
<b>GAS ACCOUNT - NATURAL GAS</b>			
<p>1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Enter in column (c) the Mct as reported in the schedules indicated for the items of receipts and deliveries.</p> <p>4. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.</p> <p>5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.</p> <p>6. Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.</p> <p>7. Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.</p> <p>8. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.</p>			
<b>01 NAME OF SYSTEM</b>			
Line No.	Item (a)	Ref Page (b)	Amount of Dth (c)
2	<b>GAS RECEIVED</b>		
3	Gas Purchases (Accounts 800-805)		8,369,137
4	Gas of Others Received for Gathering (Account 489.1)	303	-
5	Gas of Others Received for Transmission (Account 489.2)	305	-
6	Gas of Others Received for Distribution (Account 489.3)	301	23,129,263
7	Gas of Others Received for Contract Storage (Account 489.4)	307	-
8	Exchanged Gas Received from Others (Account 806)	328	(116,569)
9	Gas Received as Imbalances (Account 806)	328	587,278
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	-
11	Other Gas Withdrawn from Storage	512	8,054,969
12	Gas Received from Shippers as Compressor Station Fuel		-
13	Gas Received from Shippers as Lost and Unaccounted for		-
14	Other Receipts (Specify)		-
15	Total Receipts (Total of Lines 3 thru 14)		40,024,078
16	<b>GAS DELIVERED</b>		
17	Gas Sales (Accounts 480-484)	301	8,680,927
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	-
19	Deliveries of Gas Transported for Others (Account 489.2)	305	-
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	23,129,263
21	Deliveries of Contract Storage Gas (Account 489.4)	307	-
22	Exchange Gas Delivered to Others (Account 806)	328	-
23	Gas Delivered as Imbalances (Account 806)	328	-
24	Deliveries of Gas to Others for Transportation (Account 858)	332	-
25	Other Gas Delivered to Storage	512	7,360,817
26	Gas Used for Compressor Station Fuel	509	-
27	Other Deliveries (Specify):		-
27.01	Unbilled Gas Sales		154,502
27.02	Off System Sales		1,208,596
27.03	Natural Gas Used by Respondent	331	14,038
27.04	Municipal Free and Line Damage		(4,598)
28	Total Deliveries (Total of Lines 17 thru 27.04)		40,543,545
29	<b>GAS UNACCOUNTED FOR</b>		
30	Production System Losses		-
31	Gathering System Losses		-
32	Transmission System Losses		-
33	Distribution System Losses		(519,467)
34	Storage System Losses		-
35	Other Losses (Specify)		-
36	Total Unaccounted for (Total of Lines 30 thru 35)		(519,467)
37	Total Deliveries & Unaccounted For (Total of Lines 28 and 36)		40,024,078

Name of Respondent Columbia Gas of Kentucky , Inc.	This Report Is: (1) X An Original (2) A Resubmission	Date of Report March 31, 2013	Year of Report December 31, 2012
SYSTEM MAPS			
<p>1. Furnish 5 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.</p> <p>2. Indicate the following information on the maps:</p> <p>(a) Transmission lines-colored in red, if they are not otherwise clearly indicated.</p> <p>(b) Principal pipeline arteries of gathering systems.</p> <p>(c) Sizes of pipe in principal pipelines shown on map.</p> <p>(d) Normal directions of gas flow-indicated by arrows.</p> <p>(e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.</p> <p>(f) Locations of compressor stations, products, extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.</p> <p>(g). Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.</p> <p>(h). Principal communities in which respondent renders local distribution service.</p> <p>3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.</p> <p>4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.</p>			

SEE ATTACHED



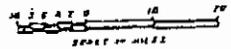
**MAJOR DELIVERY POINTS FOR SALE AND PURCHASE OF NAT**

SALE TO	LOCATION
1. JOHNSON COUNTY GAS COMPANY	JOHNSON COUNTY, KENTUCKY
2. LUSKER ROAD GAS COMPANY	FLOYD COUNTY, KENTUCKY
3. KING LITTLE GAS COMPANY, INC.	FLOYD COUNTY, KENTUCKY
4. MARTIN GAS COMPANY	PIKE COUNTY, KENTUCKY
5. THE CITY OF PIKEVILLE	PIKE COUNTY, KENTUCKY
6. PHELPS GAS COMPANY, INC.	PIKE COUNTY, KENTUCKY

PURCHASE FROM	LOCATION
10. COLUMBIA GAS TRANSMISSION CORPORATION	BOURBON, BOYD, BRACKE, FAYETTE, FLOYD, GREENE, LAWRENCE, MADISON, WJ, EDMOND AND PIKE COU

**MAP OF COLUMBIA GAS OF KENTUCKY, SHOWING MAJOR FACILITIES AND DELIVERY POINT FOR SALE AND PURCHASE OF NATURAL G**

- LEGEND —
- COMMUNITY SERVED NEAR PIPELINE
  - △ PROPANE PLANT
  - INTERCONNECTION
- MAJOR SUPPLIER'S FACILITIES**
- COLUMBIA GAS TRANSMISSION CORPORATION PIPELINE
  - △ COMPRESSOR STATION



DECEMBER 31, 1994

REVISED: 03-20-00

Name of Respondent Columbia Gas of Kentucky, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo.Da.Yr.) March 31, 2013	Year of Report Dec. 31, 2012
FOOTNOTE DATA			

Schedule Page: 355 Line No.: 72 Column: b

Other Accounts (Specify)	
Preliminary Survey and Investigation	(1,066)
Maintenance and Jobbing work in Progress	10,616
Transfer for Vacation and Non-Productive Time	12,620
Other Miscellaneous	140,533
Total	162,703

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**Supplemental Gas Information**  
**Revenues, Customers and MCF/DTH Sales**

		For Reporting Year 2012		
		Revenue	DTH of Natural Gas Sold	Customers
480	Residential	<u>54,689,613</u>	<u>5,670,598</u>	<u>94,308</u>
481	Commercial & Industrial Sales			
	Small (or Commercial)	<u>21,673,684</u>	<u>2,775,148</u>	<u>9,846</u>
	Large (or Industrial)	<u>1,316,437</u>	<u>223,784</u>	<u>103</u>
482	Other Sales To Public Authorities	<u>-</u>	<u>-</u>	<u>-</u>
484	Interdepartmental Sales	<u>-</u>	<u>-</u>	<u>-</u>
	<b>TOTAL Sales to Ultimate Customers</b>	<u>77,679,734</u>	<u>8,669,530</u>	<u>104,257</u>
483	Sales for Resale	<u>72,753</u>	<u>11,397</u>	<u>2</u>
	<b>TOTAL Natural Gas Service</b>	<u>77,752,487</u>	<u>8,680,927</u>	<u>104,259</u>

**ADDITIONAL INFORMATION TO BE FURNISHED WITH  
ANNUAL REPORT  
December 31, 2012**

**GAS PURCHASES**

**(ACCOUNTS 800, 801, 802, 803, 804, 804.1, 805, 805.1, 805.2)**

Name of Seller and Acct No.	Gas Purchased - Mcf	Cost of Gas	
Various Appalachian Companies - Account 801	154,228	461,714	1454208 Tie to Pg. 319 line 70
Various Local Companies Various Non-Local Companies Pipeline Expenses - Transp. Pipeline Expenses - Storage Total Account 803	7,989,564 (193,832) (165,156) - 7,630,576	- 26,586,510 11,897,729 4,311,786 42,796,025	120005459 Tie to Pg 319 line 72
Various Local Companies Various Non-Local Companies City Gate Gas Purchases - Account 804	187,051 - 187,051	669,543 - 669,543	18843020 Tie to Pg 319 line 73
Propane Expenses Miscellaneous Purchases Deferred Purchased Gas Adj. - Account 805	- - - -	- - 1,536,268 1,536,268	5550566 Tie to Pg 319 line 76
Total	7,971,855	45,463,550	Tie to Pg 319 line 77





**COLUMBIA GAS OF KENTUCKY, INC.  
CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES**

To be Completed and Returned With Annual Report

Page No.	Line No.		Page No.	Line No.	Yes	No	If No, Explain Why
		<u>BALANCE SHEET</u>					
110	2	agrees with	200	13 less 11	X		
110	3	agrees with	200	11	X		
110	5	agrees with	200	14 & 33	X		
110	6	agrees with	200	15	X		
110	11	agrees with	122-123	-	X		
110	12	agrees with	220	5 (b)	X		
110	14	agrees with	220	5 (d)	X		
110	15	agrees with	220	5 (e)	X		
110	19	agrees with	222-223	-	X		
110	20	agrees with	222-223	-	X		
111	46	agrees with	227	-	X		
111	52	agrees with	220	-	X		
111	53	agrees with	220	-	X		
111	54	agrees with	230	Acct. 165	X		
111	67	agrees with	230	Acct. 182.1	X		
111	68	agrees with	230	Acct. 182.2	X		
111	69	agrees with	232	Acct. 182.3	X		
111	74	agrees with	233	Acct. 186	X		
111	78	agrees with	234-235	Acct. 190	X		
112	2	agrees with	251	(f)	X		
112	3	agrees with	251	(f)	X		
112	4	agrees with	252	-	X		
112	5	agrees with	252	-	X		

**COLUMBIA GAS OF KENTUCKY, INC.  
CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES**

To be Completed and Returned With Annual Report

Page No.	Line No.		Page No.	Line No.	Yes	No	If No, Explain Why
<b>BALANCE SHEET</b>							
<u>Continued</u>							
112	6	agrees with	252	-	X		
112	7	agrees with	253	61 (b)	X		
112	8	agrees with	252	(d)	X		
112	9	agrees with	254	Acct. 213	X		
112	10	agrees with	254	Acct. 214	X		
112	11	agrees with	118	18	X		
112	12	agrees with	118	23	X		
112	13	agrees with	251	Acct. 217	X		
112	17	agrees with	256	(d)	X		
112	18	agrees with	257	Acct. 222	X		
112	19	agrees with	256	Acct. 223	X		
112	30	agrees with	256	Acct. 224	X		
113	43	agrees with	263-C	Acct. 236 (g)	X		
113	49	agrees with	268	43 (b)	X		
113	60	agrees with	269	43 (f)	X		
113	61	agrees with	278	47 (f)	X		
113	62	agrees with	260	Acct. 257	X		
<b>INCOME STATEMENT</b>							
114	2	agrees with	300-301	17(h)	X		
114	4 + 5 (c)	agrees with	325	271(b)	X		
114	6 (c)	agrees with	336	12 (b)	X		
114	8 (c)	agrees with	337	12 (e)	X		
114	14+15+16 (c)	agrees with	262-C	50 (j)	X		
114	17 (c)	agrees with	234+274+276	7 (c)	X		
114	18 (c)	agrees with	234+274+276	7 (d)	X		

**COLUMBIA GAS OF KENTUCKY, INC.  
CHECKLIST FOR THE ANNUAL REPORT  
OF A AND B GAS COMPANIES**

**To be Completed and Returned With Annual Report**

Page No.	Line No.		Page No.	Line No.	Yes	No	If No, Explain Why
<b>INCOME STATEMENT</b>							
<u>Continued</u>							
116	50 (c)	agrees with	340	Acct. 426			
116	52	agrees with	262-C	Acct. 408.2	X		
116	53+54	agrees with	262-C	Acct. 409.2	X		
116	54	agrees with	262-A	Acct. 409.2	X		
116	55	agrees with	235+275+277	Acct. 410.2 7 (e)	X		
116	56	agrees with	235+275+277	Acct. 411.2 7 (f)	X		
116	63	agrees with	258-259	Acct. 428	X		
116	64	agrees with	258-259	Acct. 429	X		
116	67 (c)	agrees with	340	Acct. 430	X		
116	68 (c)	agrees with	340	Acct. 431	X		
116	76	agrees with	262-263	-	X		
<b>OTHER</b>							
200	8	agrees with	209	121 (g)	X		
200	10	agrees with	214	41	X		
200	11	agrees with	216	42 (b)	X		
200	18	agrees with	219	25	X		
118	12 (c)	agrees with	121	69 (b)	X		
118	12 (c)	agrees with	121	71 (b)	X		
325	262 (b)	agrees with	350	25 (d)	X		
335	25	agrees with	325	265 (b)	X		