Columbia Gas of Kentucky
A NiSource Company

June 19, 2013

RECEIVED
JUN 19 2013
PUBLIC SERVICE COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
Commonwealth of Kentucky
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RE: PSC Case No. 2013-00167

Dear Mr. Derouen,

Enclosed for docketing with the Commission are an original and ten (10) copies of Columbia Gas of Kentucky, Inc., responses to Commission Staff's First Request for Information. Should you have any questions about this filing, please contact me at 614-460-5558. Thank you.

Sincerely,

Brooke E. Leslie

Senior Counsel

Enclosures

Cc: Hon. Richard S. Taylor

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JUN 19 2013
PUBLIC SERVICE COMMISSION

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

CERTIFICATION OF RESPONSES TO INFORMATION REQUESTS

This is to certify that I have supervised the preparation of Columbia Gas of Kentucky, Inc.'s June 19, 2013 responses to the Commission Staff's First Set of Information Requests and that the responses are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

Date: 6-19-13

Brooke E. Leslie
Sr. Counsel
Columbia Gas of Kentucky, Inc.

KY PSC Case No. 2013-00167
Response to Staff's Data Request No. 001
Respondent: Herbert A. Miller, Jr.

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

1. Provide a copy of the current bylaws. Indicate any changes made to the bylaws since Columbia's last rate case.

Response:

Please see Columbia's current bylaws, dated July 1, 2009, Attachment A. See also Attachment B, a redlined comparison of Columbia's bylaws dated December 31, 2000, which were in effect at the time of Columbia's last rate case.

BY-LAWS

OF

COLUMBIA GAS OF KENTUCKY, INC.

Conformed Copy

July 1, 2009

BY-LAWS

ARTICLE I.

Section 1. Seal. The corporate seal of Columbia Gas of Kentucky, Inc. (hereinafter called the Company) shall consist of a metallic stamp, circular in form, bearing in its center the words "Incorporated October 11, 1905" and on the outer edge the words "Columbia Gas of Kentucky, Inc., Lexington, Kentucky".

ARTICLE II.

Section 1. Principal Office. The office of the Company in the State of Kentucky shall be in the City of Lexington, Fayette County.

Section 2. Other Offices. The Company may also have an office or offices at such other place or places, either within or without the State of Kentucky, as the Board of Directors may from time to time determine or the business of the Company require.

Section 3. Corporate Books. There shall be kept at the principal office of the Company a book in which shall be entered the name, post-office address and the number of shares of stock held by each stockholder, and the time when each person became a stockholder and also all transfers of stock, stating when, the number of shares transferred, and by and to whom. This book shall, at all times during business hours, be subject to the inspection of all stockholders and persons doing business with the Company.

ARTICLE III.

Shares and Certificates

Section 1. Certificates for Shares. Each certificate for shares of the Company shall plainly state the number of shares which it represents and shall be in such form as shall be approved by the Board of Directors. The certificates for shares shall be numbered in the order of their issue, shall be signed by the President or Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, and the seal of the Company shall be affixed thereto.

Section 2. Transfer of Shares. Certificates for shares of the capital stock of the Company shall be transferrable on the stock books of the Company by the holder thereof, or by his attorney thereunto authorized by a power of attorney duly executed and acknowledged and filed with the Secretary of the Company, and on surrender of the certificate or certificates for such shares. Every certificate surrendered to the Company shall be marked "Cancelled", with the date of cancellation. The person in whose name shares of stock stand upon the books of the Company shall be deemed to be the owner thereof for all purposes as regards the Company. No transfer of shares shall be valid as against the Company, its stockholders and creditors for any purpose, except to render the transferee liable for the debts of the Company to the extent provided by law, until it shall have been entered in the share records of the Company. The Board of Directors may also make such additional rules and regulations as it may deem expedient concerning the issue and transfer of certificates for shares of the capital stock of the Company and may make such rules as it may deem expedient concerning the issue of certificates in lieu of certificates alleged to have been lost, destroyed or mutilated.

Section 3. Dividends, Surplus, Etc. Subject to the provisions of the Certificate of Incorporation of the Company, the Board of Directors may (1) declare dividends on the shares of the Company whenever and in such amounts as, in its opinion, the condition of the affairs of the Company shall render it advisable; provided, however, that the Board of Directors shall not declare any dividend when the Company is insolvent or the payment of which would render the Company insolvent, or which would diminish the amount of the capital stock of the Company, and (2) set aside from time to time out of such surplus such sum or sums as it, in its absolute discretion, may think proper, as a reserve fund to meet contingencies or for equalizing dividends or for the purpose of maintaining or increasing the property or business of the Company or for any other purpose it may think conducive to the best interests of the Company.

ARTICLE IV.

Stockholders

Section 1. Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held on the third Tuesday in the month of May of each year, if such day is not a legal holiday, and if a holiday, then on the next business day which is not a legal holiday. If for any reason the annual meeting of the stockholders shall not be held at the time and place herein provided, the same may be held at any time thereafter, but not later than the date which is five months after the close of the Corporation's fiscal year, or the date which is fifteen months after the last annual meeting, whichever is earlier. Such date and time of meeting may be changed by action of the Board of Directors.

Section 2. Special Meetings. A special meeting of the stockholders (except in special cases regulated by statute) may be called at any time by the President or by the Board of Directors, and shall be so called on the written request of holders of record of at least one-fourth of the number of shares of the Company then outstanding and entitled to vote, which written request shall state the objects of such meeting. If such meeting shall not be called within five days after such request shall have been delivered at the office of the Company, the stockholders signing such request may appoint a Chairman, who may be designated in such request and who may call a meeting by notice given as provided in the following section.

Section 3. Notice of Meetings. Subject to the provisions of Section 1 of this Article IV and except as hereinafter in this Section provided or as may be otherwise required by law, notice of the time and place of holding each annual and special meeting of the stockholders shall be in writing and shall be delivered personally or mailed in a postage-prepaid envelope, not less than ten days before such meeting, to each person who appears on the books of the Company as a stockholder entitled to vote at such meeting, and, if mailed, it shall be directed to such stockholder at his address as it appears on such books unless he shall have filed with the Secretary of the Company a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice of every special meeting, besides stating the time and place of such meeting, shall state briefly the purpose or purposes thereof, and no business other than that specified in such notice or germane thereto shall be transacted at the meeting, except with the unanimous consent in writing of the holders of record of all the shares of the Company entitled to vote at such meeting. Notice of any meeting of stockholders need not be given to any stockholder, however, if waived by him, whether before or after such meeting be held, in writing or by telegraph, cable, radio or wireless, or if he shall attend such meeting in person or by proxy. Notice of any adjourned meeting need not be given.

Section 4. Place of Meeting. Every meeting of the stockholders of the Company shall be held at the office of the Company in the City of Lexington and County of Fayette, State of Kentucky, or at such other place as shall be specified or fixed in a notice thereof or in a waiver or waivers of notice thereof signed by all the stockholders entitled to vote thereat; provided, however, that meetings at which Directors of the Company shall be elected shall be held at the place specified in Section 1 of this Article IV.

Section 5. Quorum. At all meetings of the stockholders of the Company, except as otherwise provided by law, the holders of a majority of the outstanding shares of the Company, present in person or by proxy and entitled to vote thereat, shall constitute a quorum for the transaction of business. In the absence of a quorum a majority in interest of the stockholders so present or represented and entitled to vote may adjourn the meeting from time to time and from place to place until a quorum shall be obtained. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally called.

Section 6. Organization. At each meeting of the stockholders, the President or, in his absence, a Vice President shall act as Chairman of the meeting and the Secretary of the Company or, in his absence, one of the Assistant Secretaries of the Company shall act as Secretary of the meeting. In case at any meeting none of the officers who have been designated to act as chairman or secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by a majority in interest of the stockholders present in person or by proxy and entitled to vote at such meeting.

Section 7. Voting. At each meeting of the stockholders each stockholder of record entitled to vote thereat shall be entitled to one vote for each share standing in his name on the books of the Company except that in elections for directors, which shall be by ballot, each stockholder shall have the right to cast as many votes in the aggregate as he shall be entitled to vote, multiplied by the number of directors to be elected at such election, and each shareholder may cast the whole number of votes for one candidate, or distribute such votes among two or more candidates. Persons holding stock in a fiduciary capacity shall be entitled to vote the stock so held and persons whose stock shall be pledged shall be entitled to vote such stock unless the right to vote be expressly given in writing to the pledgee, in which case only the pledgee, or his proxy, may represent said stock and vote thereon. The vote on stock may be given by the stockholder entitled thereto in person or by proxy duly appointed by an instrument in writing subscribed by such stockholder, or by his attorney thereunto duly authorized, and delivered to the secretary of the meeting. At all meetings of the stockholders, a quorum being present, all matters, except as otherwise provided by law or by the Articles of Incorporation of the Company or by these Bylaws, shall be decided by a majority in interest of the stockholders of the Company present in person or by proxy and entitled to vote.

ARTICLE V.

Board of Directors

Section 1. General Powers. The property, affairs and business of the Company shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications. The number of directors which shall constitute the whole Board shall be not less than one (1) nor more than five (5) as determined from time to time by resolution of the Board of Directors or by the stockholders. The directors shall be elected at the annual meeting of the stockholders, except as may be provided elsewhere in the By-Laws, and each director elected shall hold office until his or her successor is elected and qualified or until his or her earlier death, resignation or removal in a manner permitted by statute or these By-Laws. Directors need not be stockholders.

Section 3. Election of Directors. Except as otherwise provided by law or by these Bylaws, at each meeting of the stockholders for the election of directors at which a quorum shall be present, the persons receiving a plurality of the votes cast shall be directors.

Section 4. Organization. At each meeting of the Board of Directors, the President or, in his absence, a Vice President or, in the absence of the President and Vice Presidents, a chairman chosen by the majority of the Directors present shall preside. The Secretary of the Company shall act as secretary of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of the Secretary at such meeting and in case the Secretary and the Assistant Secretaries shall be absent from any meeting of the Board of Directors, the President may appoint any person to act as secretary of the meeting.

Section 5. Resignations. Any director of the Company may resign at any time by giving written notice to the President or to the Secretary of the Company. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. Any director may be removed with or without cause at any time by the affirmative vote of the majority in interest of the stockholders of record of the Company entitled to vote, given at a special meeting of the stockholders called for the purpose or at any annual meeting of stockholders; and the vacancy in the Board caused by such removal may be filled by the stockholders at such meeting.

Section 7. Vacancies. Any vacancy in the Board of Directors (whether because of death, resignation, disqualification, any increase in the number of directors, removal or any other cause) shall be filled either by the Board of Directors at any regular or special meeting thereof, by the vote of a majority of the directors in office at the time of such meeting, or by the stockholders at the next annual meeting or any special meeting called for the purpose, and the director or directors so elected shall hold office for a term to expire at the next annual election of directors or until his or their successor or successors shall be duly elected and qualified.

Section 8. Place of Meetings. The Board of Directors may hold its meetings, have one or more offices, and may keep the books and records of the Company, except as otherwise required by law, at such place or places within or without the State of Kentucky as the Board may from time to time by resolution determine.

Section 9. Annual Meetings. After each annual election of directors, the newly elected directors may meet for the purpose of organization, the election of officers and the transaction of other business at such place and time as shall be fixed by the stockholders at the annual meeting or by written consent of the directors, or upon such notice as is hereinafter in Section 11 of this Article V provided for special meetings of the Board of Directors.

Section 10. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as the Board shall by resolution determine. Notice of regular meetings need not be given. If any day fixed for a regular meeting shall be a legal holiday, then such meeting which would otherwise be held on that day shall be held at the same hour and place on the next succeeding secular day not a legal holiday.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President or two of the directors. Notice of each special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least five (5) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable, radio or wireless, or be delivered personally or by telephone at least two (2) days before the day on which the meeting is to be held. Every such notice shall state the time and place but need not state the purposes of the meeting. Notice of any such meeting need not be given to any director, however, if waived by him, whether before or after such meeting be held, in writing or by telegraph, cable, radio or wireless, or if he shall attend such meeting in person, and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all of the directors shall be present thereat.

Section 12. Quorum and Manner of Acting. A majority of the directors in office at the time of any regular or special meeting of the Board of Directors shall constitute a quorum for the transaction of business at such meeting and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may, without notice other than announcement at the meeting, adjourn the meeting from time to time until a quorum be had.

Section 13. Fees. Each director shall, unless he is a salaried officer or employee of the Company or of any corporation owning a majority of the stock of the Company, or of a corporation controlled by a corporation owning a majority of the stock of the Company, be paid such fee, if any, as shall be fixed by the Board of Directors, for each meeting of the Board which he shall attend and in addition his transportation and other expenses actually incurred by him in going to the meeting and returning therefrom. The same payment shall be made to anyone other than a director officially called to attend any such meeting.

ARTICLE V(A).

Executive Committee

Section 1. Number, Term of Office, and Qualifications. The Board of Directors shall, by resolution adopted by a majority of the whole Board, designate annually three or more of their number, one of whom shall be the President of the Company, to constitute an Executive Committee. The Board of Directors may also designate as alternate members of the Executive Committee other Directors who, in the event of disaster or emergency resulting from nuclear or other major destruction, shall serve, in such order of succession as the Board may prescribe, in the place of any member or members of the Executive Committee who may, at the time of such destruction, be incapacitated or prevented from reaching the place where the meeting of the Executive Committee is to be held. When the Board of Directors is not in session, the Executive Committee shall have, and may exercise, all lawfully delegable powers of the Board of Directors. Each member of the Executive Committee shall continue to be a member thereof only during the pleasure of a majority of the whole Board.

Section 2. Chairman and Secretary. The President shall be the Chairman of the Executive Committee and the Secretary of the Company shall act as Secretary thereof. In case the President is not present, the Committe shall appoint a Chairman of the meeting. In the absence from any meeting of the Executive Committee of its Secretary, the Committee shall appoint a Secretary of the meeting.

Section 3. Regular and Special Meetings - Notice and Rules of Procedure. Regular meetings of the Executive Committee, of which no notice shall be necessary, shall be held on such days and at such places as shall be fixed by resolution adopted by a majority of such Committee and communicated to all of its members. Special meetings of the Committee may be called at the request of any member of such Committee. Two days' notice of each special meeting of the Committee shall be given by mail, telegraph or telephone or be delivered personally to each member of such Committee. Notice of any such meeting need not be given to any member of the Committee, however, if waived by him in writing or by telegraph or cable, whether before or after such meeting be held, or if he shall be present at the meeting; and any meeting of the Committee shall be a legal meeting without any notice thereof having been given, if all the members of the Committee shall be present thereat. In the absence of written instructions from a member of the Committee designating some other address, notice shall be sufficiently given if addressed to him at his usual business address. Subject to the provisions of this Article V(A), the Committee, by resolution of a majority of all of its members, shall fix its own rules of procedure and shall keep a record of its proceedings and report them to the Board of Directors at the next regular meeting thereof after such proceedings shall have been taken. All such proceedings shall be subject to revision or alteration by the Board of Directors; provided, however, that third parties shall not be prejudiced by such revision or alteration.

Section 4. Quorum and Manner of Acting. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the Committee. Less than a quorum may adjourn a meeting. The members of the Committee shall act only as a committee, and the individual members shall have no power as such.

Section 5. Resignation. Any member of the Executive Committee may resign at any time by giving written notice to the President or to the Secretary of the Company. Such resignation shall take effect at the time specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. Any vacancy in the Executive Committee shall be filled by the vote of a majority of the Board of Directors.

Section 7. Fees. The members of the Executive Committee shall be entitled to receive such fees and compensation as the Board of Directors may determine.

ARTICLE VI.

Officers

Section 1. Number. The officers of the corporation shall be a chief executive officer; a president; a treasurer; a corporate secretary; a controller; an assistant treasurer, an assistant corporate secretary, and such other officers as may be elected in accordance with the provisions of this article. The Board of Directors may, by resolution, create additional offices, all of which shall be elected by the Board of Directors. The same individual may simultaneously hold more than one (1) office in the corporation.

Section 2. Appointment and Tenure. The officers of the corporation to be appointed by the Board of Directors or the chief executive officer generally shall be appointed annually by the Board of Directors at the annual meeting of the Board of Directors held after each annual shareholder meeting or by the chief executive officer at his or her discretion. If the appointment of officers shall not be held at such meeting of the Board of Directors, such appointment shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filed at any meeting of the Board of Directors or by the chief executive officer at his or her discretion. Each officer shall hold office until the officer's successor shall have been duly appointed and shall have qualified or until the officer's death or until the officer shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent may be removed by the Board of Directors or the chief executive officer whenever in its or the chief executive officer's judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors or the chief executive officer for the unexpired portion of the term.

Section 5. Chief Executive Officer. The chief executive officer of the corporation shall actively manage the business of the corporation and may sign deeds, mortgages, bonds, contracts or other instruments whether or not under the seal of the corporation, which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these bylaws to some other officer or agent of the corporation; and shall perform such other duties as may be prescribed by the Board of Directors from time to time. The chief executive officer shall have general powers of supervision and shall be the final arbiter of all differences between officers of the corporation and the chief executive officer's decision as to any matter affecting the corporation shall be final and binding as between the officers of the corporation subject only to its Board of Directors.

Section 6. President. The president may sign with the corporate secretary or an assistant corporate secretary, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors. The president of the corporation shall carry out his or her duties under the general supervision of the chief executive officer. The president shall have concurrent power with the chief executive officer to sign deeds, mortgages, bonds, contracts or other instruments whether or not under the seal of the corporation, which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these bylaws to some other officer or agent of the corporation. In the absence of the chief executive officer, or in the event of the chief executive officer's disability or refusal to act, the president shall have such other powers as are vested in the chief executive officer. In general, the president shall perform all duties incident to the office of president and such other duties as from time to time may be assigned by the chief executive officer or by the Board of Directors.

Section 7. Corporate Secretary. The corporate secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and be responsible for authenticating records of the corporation; (d) keep a register of the post office address of each shareholder which shall be furnished to the corporate secretary by such shareholder; (e) sign with the president certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the share transfer books of the corporation; and (g) in general perform all duties incident to the office of corporate secretary and such other duties as from time to time may be assigned by the chief executive officer, the president or by the Board of Directors.

Section 8. Treasurer. If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board of Directors shall determine. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the chief executive officer, the president or by the Board of Directors.

Section 9. Controller. If required by the Board of Directors, the controller shall give bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board of Directors shall determine. The controller shall: (a) have control over all accounts and records pertaining to monies, properties, materials and supplies and internal control procedures relating thereto; (b) have executive direction of the bookkeeping and accounting department, general supervision over the records in all other departments pertaining to monies, properties, materials and supplies; and (c) in general perform all of the duties incident to the office of controller and such other duties as from time to time may be assigned by the chief executive officer, the president, or by the Board of Directors.

Section 10. Assistant Corporate Secretary and Assistant Treasurer. The assistant corporate secretary, when authorized by the Board of Directors, may sign with the president certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The assistant treasurer shall, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant corporate secretary and assistant treasurer, in general, shall perform such duties as from to time may be assigned to them by the corporate secretary, the treasurer or the controller, respectively, or by the chief executive officer, the president, or by the Board of Directors.

Section 11. Delegation of Authority. In case of the absence of any officer of the Corporation or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such officer to any other officer or to any Director, for the time being, provided a majority of the entire Board of Directors concurs therein.

ARTICLE VI(A)

Indemnification

Section 1. Indemnification of Directors, Officers, Employees or Agents. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative), by reason of the fact that he was or is a director, officer, employee or agent of the Corporation or of any other corporation, partnership, joint venture, trust or other enterprise (hereinafter collectively referred to as an "other corporation") which he serves or served as such at the request of the Corporation, shall, subject to the provisions of Section 2 hereof and except as prohibited by law, be indemnified by the Corporation against expenses and liabilities actually and reasonably incurred by him in connection with such action, suit or proceeding (whether brought by or in the right of the Corporation or such other corporation or otherwise); provided that no indemnification shall be made in respect of any claim, issue or matter in any action, suit or proceeding by or in the right of the Corporation as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation except to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. As used in this Article VI(A), the term "expenses" shall include attorneys' fees and disbursements and the term "liabilities" shall include judgments, fines, penalties and amounts paid in settlement.

Section 2. Opinion of Referee and Authorization by Board of Directors. Indemnification under the foregoing Section 1 shall be subject to the following additional provisions:

(A) Except in cases of indemnification to be made on the basis and to the extent that the person to be indemnified has been successful on the merits or otherwise in defense of an action, suit or proceeding, or a claim, issue or matter therein, any indemnification under said Section 1 shall be made only if a Referee, who shall be independent legal counsel, who may be regular counsel for the Corporation, selected and compensated by the Board of Directors (whether or not acting by a quorum consisting of directors who are not parties to such action, suit or proceeding), shall deliver to the Corporation his written opinion that the person claiming indemnification acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement or conviction or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that a person did not meet the foregoing standards of conduct. When indemnification hereunder requires an opinion of a Referee, the person to be indemnified shall, at the request of the Referee, appear before him and answer questions which the Referee deems relevant and shall be given ample opportunity to present to the Referee evidence upon which he relies for indemnification. The Corporation shall, at the request of the Referee, make available to him the facts, opinions or other evidence in any way relevant for his finding which are in the possession or control of the Corporation.

(B) Any indemnification under said Section 1 of a director, officer, employee or agent of the Corporation (in his status as such) against his liabilities in connection with an action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor, and any indemnification under said Section 1 of a director, officer, employee or agent of an other corporation (in his status as such) against his expenses and liabilities in connection with any action, suit or proceeding, whether or not he has been successful on the merits or otherwise in defense thereof or of a claim, issue or matter therein, shall (unless ordered by a court) be made by the Corporation only if and to the extent authorized by the Board of Directors of the Corporation, in its discretion, after receipt of a written opinion of a Referee when required in accordance with Paragraph (A) above, and acting either (i) by a majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding or (ii) if such a quorum is not obtainable, by a majority vote of a quorum which may include directors who are parties, but shall include all available directors who are not parties, to such action, suit or proceeding.

Section 3. Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors acting either by a majority vote of a quorum consisting of directors not parties to the action, suit or proceeding, or if such a quorum is not obtainable, by a majority vote of a quorum which may include directors who are parties, but shall include all available directors who are not parties, to such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the person to be indemnified to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

Section 4. Additional Rights of Indemnification. The rights of indemnification provided in this Article VI(A) shall be in addition to any rights to which any person referred to in Section 1 of this Article VI(A) may otherwise lawfully be entitled and shall be available whether or not the claim asserted against such person is based on matters which antedate the adoption of this Article VI(A).

Section 5. Former Directors and Survivors. The indemnification provided or authorized by this Article shall continue as to a person who has ceased to be a director, officer, or employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE VII

Contracts, Checks, Notes, Etc.

All contracts and agreements authorized by the Board of Directors or the Executive Committee, and all checks, drafts, notes, bonds, bills of exchange and orders for the payment of money (including orders for repetitive or non-repetitive electronic funds transfers) shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by (1) either the President, an Executive Vice President, a Senior Vice President or a Vice President, and (2) any one of the following officers: Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Controller or Assistant Controller. The Board of Directors may, however, notwithstanding the foregoing provision, by resolution adopted at any meeting, authorize any of said officers to sign contracts and agreements, checks, drafts and such orders for the payment of money singly and without necessity of countersignature, and may designate officers of the Corporation other than those named above, or different combinations of such officers, who may, in the name of the Corporation, execute contracts and agreements, checks, drafts and such orders for the payment of money in its behalf. Further, the Treasurer is authorized to designate to the Corporation's banks, in writing, individuals employed by the Corporation and the Columbia Gas System Service Corporation Cash Management Department, who need not be officers or employees of the Corporation, to give in the name of the Corporation telephonic, telegraphic, or electronic transfer instructions for the payment of money, which may, with respect to routine items, include instructions as to the amount to be transferred, to any bank pursuant to previously issued written orders, signed by officers of the Corporation in any manner provided above, which designate the recipients of such amounts and which identify what shall be treated as routine items.

ARTICLE VIII.

Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January of each year.

ARTICLE IX.

Amendments

These Bylaws, or any of them, may be altered, amended or repealed or new Bylaws may be made by the stockholders or, at any meeting of the Board of Directors, by vote of a majority of the whole Board of Directors, provided that the proposed action in respect thereof shall be stated in the notice of such meeting. Bylaws made, altered or amended by the Board of Directors shall be subject to alteration, amendment or repeal by the stockholders.

BY-LAWS

OF

COLUMBIA GAS OF KENTUCKY, INC.

Conformed Copy

July 1, 2009

BY-LAWS

ARTICLE I.

Section 1. Seal. The corporate seal of Columbia Gas of Kentucky, Inc. (hereinafter called the Company) shall consist of a metallic stamp, circular in form, bearing in its center the words "Incorporated October 11, 1905" and on the outer edge the words "Columbia Gas of Kentucky, Inc., Lexington, Kentucky".

ARTICLE II.

Section 1. Principal Office. The office of the Company in the State of Kentucky shall be in the City of Lexington, Fayette County.

Section 2. Other Offices. The Company may also have an office or offices at such other place or places, either within or without the State of Kentucky, as the Board of Directors may from time to time determine or the business of the Company require.

Section 3. Corporate Books. There shall be kept at the principal office of the Company a book in which shall be entered the name, post-office address and the number of shares of stock held by each stockholder, and the time when each person became a stockholder and also all transfers of stock, stating when, the number of shares transferred, and by and to whom. This book shall, at all times during business hours, be subject to the inspection of all stockholders and persons doing business with the Company.

ARTICLE III.

Shares and Certificates

Section 1. Certificates for Shares. Each certificate for shares of the Company shall plainly state the number of shares which it represents and shall be in such form as shall be approved by the Board of Directors. The certificates for shares shall be numbered in the order of their issue, shall be signed by the President or Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary, and the seal of the Company shall be affixed thereto.

Section 2. Transfer of Shares. Certificates for shares of the capital stock of the Company shall be transferrable on the stock books of the Company by the holder thereof, or by his attorney thereunto authorized by a power of attorney duly executed and acknowledged and filed with the Secretary of the Company, and on surrender of the certificate or certificates for such shares. Every certificate surrendered to the Company shall be marked "Cancelled", with the date of cancellation. The person in whose name shares of stock stand upon the books of the Company shall be deemed to be the owner thereof for all purposes as regards the Company. No transfer of shares shall be valid as against the Company, its stockholders and creditors for any purpose, except to render the transferee liable for the debts of the Company to the extent provided by law, until it shall have been entered in the share records of the Company. The Board of Directors may also make such additional rules and regulations as it may deem expedient concerning the issue and transfer of certificates for shares of the capital stock of the Company and may make such rules as it may deem expedient concerning the issue of certificates in lieu of certificates alleged to have been lost, destroyed or mutilated.

Section 3. Dividends, Surplus, Etc. Subject to the provisions of the Certificate of Incorporation of the Company, the Board of Directors may (1) declare dividends on the shares of the Company whenever and in such amounts as, in its opinion, the condition of the affairs of the Company shall render it advisable; provided, however, that the Board of Directors shall not declare any dividend when the Company is insolvent or the payment of which would render the Company insolvent, or which would diminish the amount of the capital stock of the Company, and (2) set aside from time to time out of such surplus such sum or sums as it, in its absolute discretion, may think proper, as a reserve fund to meet contingencies or for equalizing dividends or for the purpose of maintaining or increasing the property or business of the Company or for any other purpose it may think conducive to the best interests of the Company.

ARTICLE IV.

Stockholders

Section 1. Annual Meetings. The ~~Annual Meeting~~annual meeting of the stockholders~~ of the Company,~~ for the election of ~~Directors~~directors and for the transaction of such other business as may properly come before the meeting, shall be held ~~at such hour as may be fixed by the Board of Directors or as shall be specified or fixed in the Notice~~on the third Tuesday in the month of May of each year, if such day is not a legal holiday, and if a holiday, then on the next business day which is not a legal holiday. If for any reason the annual meeting of the stockholders shall not be held at the time and place herein provided, the same may be held at any time thereafter, but not later than the date which is five months after the close of the Corporation's fiscal year, or the date which is fifteen months after the last annual meeting, whichever is earlier. Such date and time of meeting may be changed by action of the Board of Directors.

~~or Waiver of Notice of meeting, on the Tuesday preceding the next to the last Thursday in June; provided, however, that it may be held on some other day if all stockholders of record consent thereto in writing.~~

Section 2. Special Meetings. A special meeting of the stockholders (except in special cases regulated by statute) may be called at any time by the President or by the Board of Directors, and shall be so called on the written request of holders of record of at least one-fourth of the number of shares of the Company then outstanding and entitled to vote, which written request shall state the objects of such meeting. If such meeting shall not be called within five days after such request shall have been delivered at the office of the Company, the stockholders signing such request may appoint a Chairman, who may be designated in such request and who may call a meeting by notice given as provided in the following section.

Section 3. Notice of Meetings. Subject to the provisions of Section 1 of this Article IV and except as hereinafter in this Section provided or as may be otherwise required by law, notice of the time and place of holding each annual and special meeting of the stockholders shall be in writing and shall be delivered personally or mailed in a postage-prepaid envelope, not less than ten days before such meeting, to each person who appears on the books of the Company as a stockholder entitled to vote at such meeting, and, if mailed, it shall be directed to such stockholder at his address as it appears on such books unless he shall have filed with the Secretary of the Company a written request that notices intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. The notice of every special meeting, besides stating the time and place of such meeting, shall state briefly the purpose or purposes thereof, and no business other than that specified in such notice or germane thereto shall be transacted at the meeting, except with the unanimous consent in writing of the holders of record of all the shares of the Company entitled to vote at such meeting. Notice of any meeting of stockholders need not be given to any stockholder, however, if waived by him, whether before or after such meeting be held, in writing or by telegraph, cable, radio or wireless, or if he shall attend such meeting in person or by proxy. Notice of any adjourned meeting need not be given.

Section 4. Place of Meeting. Every meeting of the stockholders of the Company shall be held at the office of the Company in the City of Lexington and County of Fayette, State of Kentucky, or at such other place as shall ~~he~~be specified or fixed in a notice thereof or in a waiver or waivers of notice thereof signed by all the stockholders entitled to vote thereat; provided, however, that meetings at which Directors of the Company shall be elected shall be held at the place specified in Section 1 of this Article IV.

Section 5. Quorum. At all meetings of the stockholders of the Company, except as otherwise provided by law, the holders of a majority of the outstanding shares of the Company, present in person or by proxy and entitled to vote thereat, shall constitute a quorum for the transaction of business. In the absence of a quorum a majority in interest of the stockholders so present or represented and entitled to vote may adjourn the meeting from time to time and from place to place until a quorum shall be obtained. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally called.

Section 6. Organization. At each meeting of the stockholders, the President or, in his absence, a Vice President shall act as Chairman of the meeting and the Secretary of the Company or, in his absence, one of the Assistant Secretaries of the Company shall act as Secretary of the meeting. In case at any meeting none of the officers who have been designated to act as chairman or secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by a majority in interest of the stockholders present in person or by proxy and entitled to vote at such meeting.

Section 7. Voting. At each meeting of the stockholders each stockholder of record entitled to vote thereat shall be entitled to one vote for each share standing in his name on the books of the Company except that in elections for directors, which shall be by ballot, each stockholder shall have the right to cast as many votes in the aggregate as he shall be entitled to vote, multiplied by the number of directors to be elected at such election, and each shareholder may cast the whole number of votes for one candidate, or distribute such votes among two or more candidates. Persons holding stock in a fiduciary capacity shall be entitled to vote the stock so held and persons whose stock shall be pledged shall be entitled to vote such stock unless the right to vote be expressly given in writing to the pledgee, in which case only the pledgee, or his proxy, may represent said stock and vote thereon. The vote on stock may be given by the stockholder entitled thereto in person or by proxy duly appointed by an instrument in writing subscribed by such stockholder, or by his attorney thereunto duly authorized, and delivered to the secretary of the meeting. At all meetings of the stockholders, a quorum being present, all matters, except as otherwise provided by law or by the Articles of Incorporation of the Company or by these Bylaws, shall be decided by a majority in interest of the stockholders of the Company present in person or by proxy and entitled to vote.

ARTICLE V.

Board of Directors

Section 1. General Powers. The property, affairs and business of the Company shall be managed by the Board of Directors.

Section 2. Number, Term of Office and Qualifications.~~The~~ The number of directors which shall constitute the whole Board ~~of Directors~~ shall ~~consist of not more than ten and not less than five directors, who need not be stockholders of the Corporation. Each director shall continue in office until his term shall have expired and until his~~be not less than one (1) nor more than five (5) as determined from time to time by resolution of the Board of Directors or by the stockholders. The directors shall be elected at the annual meeting of the stockholders, except as may be provided elsewhere in the By-Laws, and each director elected shall hold office until his or her successor ~~shall have been~~is elected and ~~shall have~~ qualified~~,~~ or until his or her earlier death, resignation or removal ~~or until he shall have resigned.~~in a manner permitted by statute or these By-Laws. Directors need not be stockholders.

~~In case the number of directors shall be increased, additional directors shall be elected as provided in Section 7 of Article V.~~

Section 3. Election of Directors. Except as otherwise provided by law or by these Bylaws, at each meeting of the stockholders for the election of directors at which a quorum shall be present, the persons receiving a plurality of the votes cast shall be directors.

Section 4. Organization. At each meeting of the Board of Directors, the President or, in his absence, a Vice President or, in the absence of the President and Vice Presidents, a ~~Chairman~~chairman chosen by the majority of the Directors present shall preside. The Secretary of the Company shall act as secretary of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of the Secretary at such meeting and in case the Secretary and the Assistant Secretaries shall be absent from any meeting of the Board of Directors, the President may appoint any person to act as secretary of the meeting.

Section 5. Resignations. Any director of the Company may resign at any time by giving written notice to the President or to the Secretary of the Company. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. Any director may be removed with or without cause at any time by the affirmative vote of the majority in interest of the stockholders of record of the Company entitled to vote, given at a special meeting of the stockholders called for the purpose or at any annual meeting of stockholders; and the vacancy in the Board caused by such removal may be filled by the stockholders at such meeting.

Section 7. Vacancies. Any vacancy in the Board of Directors (whether because of death, resignation, disqualification, any increase in the number of directors, removal or any other cause) shall be filled either by the Board of Directors at any regular or special meeting thereof, by the vote of a majority of the directors in office at the time of such meeting, or by the stockholders at the next annual meeting or any special meeting called for the purpose, and the director or directors so elected shall hold office for a term to expire at the next annual election of directors or until his or their successor or successors shall be duly elected and qualified.

Section 8. Place of Meetings. The Board of Directors may hold its meetings, have one or more offices, and may keep the books and records of the Company, except as otherwise required by law, at such place or places within or without the State of Kentucky as the Board may from time to time by resolution determine.

Section 9. Annual Meetings. After each annual election of directors, the newly elected directors may meet for the purpose of organization, the election of officers and the transaction of other business at such place and time as shall be fixed by the stockholders at the annual meeting or by written consent of the directors, or upon such notice as is hereinafter in Section 11 of this Article V provided for special meetings of the Board of Directors.

Section 10. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as the Board shall by resolution determine. Notice of regular meetings need not be given. If any day fixed for a regular meeting shall be a legal holiday, then such meeting which would otherwise be held on that day shall be held at the same hour and place on the next succeeding secular day not a legal holiday.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President or two of the directors. Notice of each special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least five (5) days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable, radio or wireless, or be delivered personally or by telephone at least two (2) days before the day on which the meeting is to be held. Every such notice shall state the time and place but need not state the purposes of the meeting. Notice of any such meeting need not be given to any director, however, if waived by him, whether before or after such meeting be held, in writing or by telegraph, cable, radio or wireless, or if he shall attend such meeting in person, and any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all of the directors shall be present thereat.

Section 12. Quorum and Manner of Acting. A majority of the directors in office at the time of any regular or special meeting of the Board of Directors shall constitute a quorum for the transaction of business at such meeting and the act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the directors present may, without notice other than announcement at the meeting, adjourn the meeting from time to time until a quorum be had.

Section 13. Fees. Each director shall, unless he is a salaried officer or employee of the Company or of any corporation owning a majority of the stock of the Company, or of a corporation controlled by a corporation owning a majority of the stock of the Company, be paid such fee, if any, as shall be fixed by the Board of Directors, for each meeting of the Board which he shall attend and in addition his transportation and other expenses actually incurred by him in going to the meeting and returning therefrom. The same payment shall be made to anyone other than a director officially called to attend any such meeting.

ARTICLE V(A).

Executive Committee

Section 1. Number, Term of Office, and Qualifications. The Board of Directors shall, by resolution adopted by a majority of the whole Board, designate annually three or more of their number, one of whom shall be the President of the Company, to constitute an Executive Committee. The Board of Directors may also designate as alternate members of the Executive Committee other Directors who, in the event of disaster or emergency resulting from nuclear or other major destruction, shall serve, in such order of succession as the Board may prescribe, in the place of any member or members of the Executive Committee who may, at the time of such destruction, be incapacitated or prevented from reaching the place where the meeting of the Executive Committee is to be held. When the Board of Directors is not in session, the Executive Committee shall have, and may exercise, all lawfully delegable powers of the Board of Directors. Each member of the Executive Committee shall continue to be a member thereof only during the pleasure of a majority of the whole Board.

Section 2. Chairman and Secretary. The President shall be the Chairman of the Executive Committee and the Secretary of the Company shall act as Secretary thereof. In case the President is not present, the Committe shall appoint a Chairman of the meeting. In the absence from any meeting of the Executive Committee of its Secretary, the Committee shall appoint a Secretary of the meeting.

Section 3. Regular and Special Meetings - Notice and Rules of Procedure. Regular meetings of the Executive Committee, of which no notice shall be necessary, shall be held on such days and at such places as shall be fixed by resolution adopted by a majority of such Committee and communicated to all of its members. Special meetings of the Committee may be called at the request of any member of such Committee. Two days' notice of each special meeting of the Committee shall be given by mail, telegraph or telephone or be delivered personally to each member of such Committee. Notice of any such meeting need not be given to any member of the Committee, however, if waived by him in writing or by telegraph or cable, whether before or after such meeting be held, or if he shall be present at the meeting; and any meeting of the Committee shall be a legal meeting without any notice thereof having been given, if all the members of the Committee shall be present thereat. In the absence of written instructions from a member of the Committee designating some other address, notice shall be sufficiently given if addressed to him at his usual business address. Subject to the provisions of this Article V(A), the Committee, by resolution of a majority of all of its members, shall fix its own rules of procedure and shall keep a record of its proceedings and report them to the Board of Directors at the next regular meeting thereof after such proceedings shall have been taken. All such proceedings shall be subject to revision or alteration by the Board of Directors; provided, however, that third parties shall not be prejudiced by such revision or alteration.

Section 4. Quorum and Manner of Acting. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the Committee. Less than a quorum may adjourn a meeting. The members of the Committee shall act only as a committee, and the individual members shall have no power as such.

Section 5. Resignation. Any member of the Executive Committee may resign at any time by giving written notice to the President or to the Secretary of the Company. Such resignation shall take effect at the time specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. Any vacancy in the Executive Committee shall be filled by the vote of a majority of the Board of Directors.

Section 7. Fees. The members of the Executive Committee shall be entitled to receive such fees and compensation as the Board of Directors may determine.

ARTICLE VI.

Officers

~~Section 1. Number. The officers of the Corporation shall be the President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, the Secretary, the Treasurer, and the Controller, who shall be elected by the Board of Directors, and such additional Assistant Secretaries, Assistant Treasurers, Assistant Controllers, and subordinate officers as may from time to time be elected or appointed by the Board of Directors or appointed by the President. Any two of the above offices may be held by the same person.~~

~~All of the officers of the Company shall hold office for one year and until others are elected or appointed and qualified in their stead, unless in the election or appointment of the officer it shall be specified that he holds his office for a shorter period or subject to the pleasure of the Board of Directors, or the President.~~

~~All vacancies in such offices by resignation, death or otherwise may be filled by the Board of Directors.~~

~~Section 1A. The President. The President shall be the chief executive officer of the Company and shall have general and active supervision and direction over the business and affairs of the Company and over its several officers, subject, however, to the control of the Board of Directors and of the Executive Committee. He shall see that all orders and resolutions of the Board of Directors and of the Executive Committee are carried into effect. He shall make a report of the state of the business of the Company at each annual meeting of the stockholders and from time to time he shall report to the stockholders and to the Board of Directors and to the Executive Committee all matters within his knowledge which, in his judgment, the interests of the Company may require to be brought to their notice. He shall perform such other duties as may be assigned to him from time to time by the Board of Directors. The President shall have general and active supervision over the operations of the Company, subject, however, to the direction of the control of the Board of Directors and of the Executive Committee. In general, he shall perform all duties incident to the office of President and chief operating officer, and such other duties as from time to time may be assigned to him by the Board of Directors or by the Executive Committee.~~

~~Section 3. Vice Presidents. The Vice Presidents shall perform such duties as the Board of Directors shall, from time to time, require. In the absence or incapacity of the President, the Vice President designated by the President shall exercise the powers and duties of the President.~~

~~Section 4. The Treasurer. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation, shall deposit all moneys and other valuables in the name and to the credit of the Corporation, in such depositories and shall disburse the funds of the Corporation, as~~

~~may be ordered by the Board of Directors or the appropriate officers of the Corporation.~~

~~He shall also perform such other duties as the Board of Directors or the appropriate officers of the Corporation may from time to time prescribe.~~

~~If required by the Board of Directors, he shall give the Company a bond in a form and in a sum with surety satisfactory to the Board of Directors for the faithful performance of the duties of his office and the restoration to the Company in the case of his death, resignation or removal from office of all books, papers, vouchers, money and other property of whatever kind in his possession belonging to the Company.~~

~~At the request of the Treasurer, or in his absence or inability to act, the Assistant Treasurer, or, if there be more than one, the Assistant Treasurer designated by the Treasurer, shall perform the duties of the Treasurer and when so acting shall have all the powers of and be subject to all the restrictions of the Treasurer. The Assistant Treasurers shall perform such other duties as may from time to time be assigned to them by the President, the Treasurer, or the Board of Directors.~~

~~The Assistant Treasurers shall perform such other duties as may from time to time be assigned to them by the appropriate officers of the Corporation or the Board of Directors.~~

Section 1. Number. The officers of the corporation shall be a chief executive officer; a president; a treasurer; a corporate secretary; a controller; an assistant treasurer, an assistant corporate secretary, and such other officers as may be elected in accordance with the provisions of this article. The Board of Directors may, by resolution, create additional offices, all of which shall be elected by the Board of Directors. The same individual may simultaneously hold more than one (1) office in the corporation.

Section 2. Appointment and Tenure. The officers of the corporation to be appointed by the Board of Directors or the chief executive officer generally shall be appointed annually by the Board of Directors at the annual meeting of the Board of Directors held after each annual shareholder meeting or by the chief executive officer at his or her discretion. If the appointment of officers shall not be held at such meeting of the Board of Directors, such appointment shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filed at any meeting of the Board of Directors or by the chief executive officer at his or her discretion. Each officer shall hold office until the officer's successor shall have been duly appointed and shall have qualified or until the officer's death or until the officer shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal. Any officer or agent may be removed by the Board of Directors or the chief executive officer whenever in its or the chief executive officer's judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors or the chief executive officer for the unexpired portion of the term.

~~Section 5. The Secretary. The Secretary shall attend all meetings of the Board of Directors and of the stockholders and act as clerk thereof and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the standing committees when required.He shall keep in safe custody the seal of the Company and, when authorized by the Board or the Executive Committee, affix the seal to any instrument requiring the same.He shall see that proper notice is given of all meetings of the stockholders of the Company and of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the President.At the request of the Secretary, or in his absence or inability to act, the Assistant Secretary or, if there be more than one, the Assistant Secretary designated by the Secretary, shall perform the duties of the Secretary and when so acting shall have~~ Section 5. Chief Executive Officer. The chief executive officer of the corporation shall actively manage the business of the corporation and may sign deeds, mortgages, bonds, contracts or other instruments whether or not under the seal of the corporation, which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these bylaws to some other officer or agent of the corporation; and shall perform such other duties as may be prescribed by the Board of Directors from time to time. The chief executive officer shall have general powers of supervision and shall be the final arbiter of all differences between officers of the corporation and the chief executive officer's decision as to any matter affecting the corporation shall be final and binding as between the officers of the corporation subject only to its Board of Directors.

~~all the powers of and be subject to all the restrictions of the Secretary. The Assistant Secretaries shall perform such other duties as may from time to time be assigned to them by the President, the Secretary, or the Board of Directors.~~

~~Section 6. The Controller. The Controller shall maintain the corporate books and records, prepare and monitor the operating budgets, financial plans and construction budgets, determine and pay the Corporation's tax liability, prepare the Corporation's insurance reports, and render an accounting of all his transactions as Controller and of the financial condition of the Corporation.~~

~~He shall also perform such other duties as the Board of Directors or the appropriate officers of the Corporation may from time to time prescribe.~~

~~At the request of the Controller, or in his absence or inability to act, the Assistant Controller, or, if there be more than one, the Assistant Controller designated by the Controller, shall perform the duties of the Controller and when so acting shall have all the powers of and be subject to all the restrictions of the Controller. The Assistant Controllers shall perform such other duties as may from time to time be assigned to them by the appropriate officers of the Corporation or the Board. of Directors.~~

~~Section 7. Delegation of Powers, Duties, Etc. In the case of absence or inability to act of any officer of the Company, and of any person herein authorized to act in his place, the Board of Directors may from time to time~~

Section 6. President. The president may sign with the corporate secretary or an assistant corporate secretary, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors. The president of the corporation shall carry out his or her duties under the general supervision of the chief executive officer. The president shall have concurrent power with the chief executive officer to sign deeds, mortgages, bonds, contracts or other instruments whether or not under the seal of the corporation, which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these bylaws to some other officer or agent of the corporation. In the absence of the chief executive officer, or in the event of the chief executive officer's disability or refusal to act, the president shall have such other powers as are vested in the chief executive officer. In general, the president shall perform all duties incident to the office of president and such other duties as from time to time may be assigned by the chief executive officer or by the Board of Directors.

Section 7. Corporate Secretary. The corporate secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and be responsible for authenticating records of the corporation; (d) keep a register of the post office address of each shareholder which shall be furnished to the corporate secretary by such shareholder; (e) sign with the president certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the share transfer books of the corporation; and (g) in general perform all duties incident to the office of corporate secretary and such other duties as from time to time may be assigned by the chief executive officer, the president or by the Board of Directors.

Section 8. Treasurer. If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board of Directors shall determine. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the chief executive officer, the president or by the Board of Directors.

Section 9. Controller. If required by the Board of Directors, the controller shall give bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board of Directors shall determine. The controller shall: (a) have control over all accounts and records pertaining to monies, properties, materials and supplies and internal control procedures relating thereto; (b) have executive direction of the bookkeeping and accounting department, general supervision over the records in all other departments pertaining to monies, properties, materials and supplies; and (c) in general perform all of the duties incident to the office of controller and such other duties as from time to time may be assigned by the chief executive officer, the president, or by the Board of Directors.

Section 10. Assistant Corporate Secretary and Assistant Treasurer. The assistant corporate secretary, when authorized by the Board of Directors, may sign with the president certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The assistant treasurer shall, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant corporate secretary and assistant treasurer, in general, shall perform such duties as from to time may be assigned to them by the corporate secretary, the treasurer or the controller, respectively, or by the chief executive officer, the president, or by the Board of Directors.

Section 11. Delegation of Authority. In case of the absence of any officer of the Corporation or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers or duties of such officer to any other officer or ~~any director or other person whom they may select.~~

~~Section 8. Removal. Any officer of the Corporation may be removed, either with or without cause, at any time, by resolution adopted by the Board of Directors at a special meeting of the Board called for that purpose, or by any committee or superior officer upon whom such power of removal may be conferred by the Board of Directors.~~to any Director, for the time being, provided a majority of the entire Board of Directors concurs therein.

ARTICLE ~~VI~~ VI(A)

Indemnification

Section 1. Indemnification of Directors, Officers, Employees or Agents. Any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative), by reason of the fact that he was or is a director, officer, employee or agent of the Corporation or of any other corporation, partnership, joint venture, trust or other enterprise (hereinafter collectively referred to as an "other corporation") which he serves or served as such at the request of the Corporation, shall, subject to the provisions of Section 2 hereof and except as prohibited by law, be indemnified by the Corporation against expenses and liabilities actually and reasonably incurred by him in connection with such action, suit or proceeding (whether brought by or in the right of the Corporation or such other corporation or otherwise); provided that no indemnification shall be made in respect of any claim, issue or matter in any action, suit or proceeding by or in the right of the Corporation as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation except to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper. As used in this Article VI(A), the term "expenses" shall include attorneys' fees and disbursements and the term "liabilities" shall include judgments, fines, penalties and amounts paid in settlement.

Section 2. Opinion of Referee and Authorization by Board of Directors. Indemnification under the foregoing Section 1 shall be subject to the following additional provisions:

(A) Except in cases of indemnification to be made on the basis and to the extent that the person to be indemnified has been successful on the merits or otherwise in defense of an action, suit or proceeding, or a claim, issue or matter therein, any indemnification under said Section 1 shall be made only if a Referee, who shall be independent legal counsel, who may be regular counsel for the Corporation, selected and compensated by the Board of Directors (whether or not acting by a quorum consisting of directors who are not parties to such action, suit or proceeding), shall deliver to the Corporation his written opinion that the person claiming indemnification acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement or conviction or on a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that a person did not meet the foregoing standards of conduct. When indemnification hereunder requires an opinion of a Referee, the person to be indemnified shall, at the request of the Referee, appear before him and answer questions which the Referee deems relevant and shall be given ample opportunity to present to the Referee evidence upon which he relies for indemnification. The Corporation shall, at the request of the Referee, make available to him the facts, opinions or other evidence in any way relevant for his finding which are in the possession or control of the Corporation.

(B) Any indemnification under said Section 1 of a director, officer, employee or agent of the Corporation (in his status as such) against his liabilities in connection with an action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor, and any indemnification under said Section 1 of a director, officer, employee or agent of an other corporation (in his status as such) against his expenses and liabilities in connection with any action, suit or proceeding, whether or not he has been successful on the merits or otherwise in defense thereof or of a claim, issue or matter therein, shall (unless ordered by a court) be made by the Corporation only if and to the extent authorized by the Board of Directors of the Corporation, in its discretion, after receipt of a written opinion of a Referee when required in accordance with Paragraph (A) above, and acting either (i) by a majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding or (ii) if such a quorum is not obtainable, by a majority vote of a quorum which may include directors who are parties, but shall include all available directors who are not parties, to such action, suit or proceeding.

Section 3. Expenses. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors acting either by a majority vote of a quorum consisting of directors not parties to the action, suit or proceeding, or if such a quorum is not obtainable, by a majority vote of a quorum which may include directors who are parties, but shall include all available directors who are not parties, to such action, suit or proceeding, upon receipt of an undertaking by or on behalf of the person to be indemnified to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

Section 4. Additional Rights of Indemnification. The rights of indemnification provided in this Article VI(A) shall be in addition to any rights to which any person referred to in Section 1 of this Article VI(A) may otherwise lawfully be entitled and shall be available whether or not the claim asserted against such person is based on matters which antedate the adoption of this Article VI(A).

Section 5. Former Directors and Survivors. The indemnification provided or authorized by this Article shall continue as to a person who has ceased to be a director, officer, or employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE VII

Contracts, Checks, Notes, Etc.

All contracts and agreements authorized by the Board of Directors or the Executive Committee, and all checks, drafts, notes, bonds, bills of exchange and orders for the payment of money (including orders for repetitive or non-repetitive electronic funds transfers) shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by (1) either the President, an Executive Vice President, a Senior Vice President or a Vice President, and (2) any one of the following officers: Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Controller or Assistant Controller. The Board of Directors may, however, notwithstanding the foregoing provision, by resolution adopted at any meeting, authorize any of said officers to sign contracts and agreements, checks, drafts and such orders for the payment of money singly and without necessity of countersignature, and may designate officers of the Corporation other than those named above, or different combinations of such officers, who may, in the name of the Corporation, execute contracts and agreements, checks, drafts and such orders for the payment of money in its behalf. Further, the Treasurer is authorized to designate to the Corporation's banks, in writing, individuals employed by the Corporation and the Columbia Gas System Service Corporation Cash Management Department, who need not be officers or employees of the Corporation, to give in the name of the Corporation telephonic, telegraphic, or electronic transfer instructions for the payment of money, which may, with respect to routine items, include instructions as to the amount to be transferred, to any bank pursuant to previously issued written orders, signed by officers of the Corporation in any manner provided above, which designate the recipients of such amounts and which identify what shall be treated as routine items.

ARTICLE VIII.

Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January of each year.

ARTICLE IX.

Amendments

These Bylaws, or any of them, may be altered, amended or repealed or new Bylaws may be made by the stockholders or, at any meeting of the Board of Directors, by vote of a majority of the whole Board of Directors, provided that the proposed action in respect thereof shall be stated in the notice of such meeting. Bylaws made, altered or amended by the Board of Directors shall be subject to alteration, amendment or repeal by the stockholders.

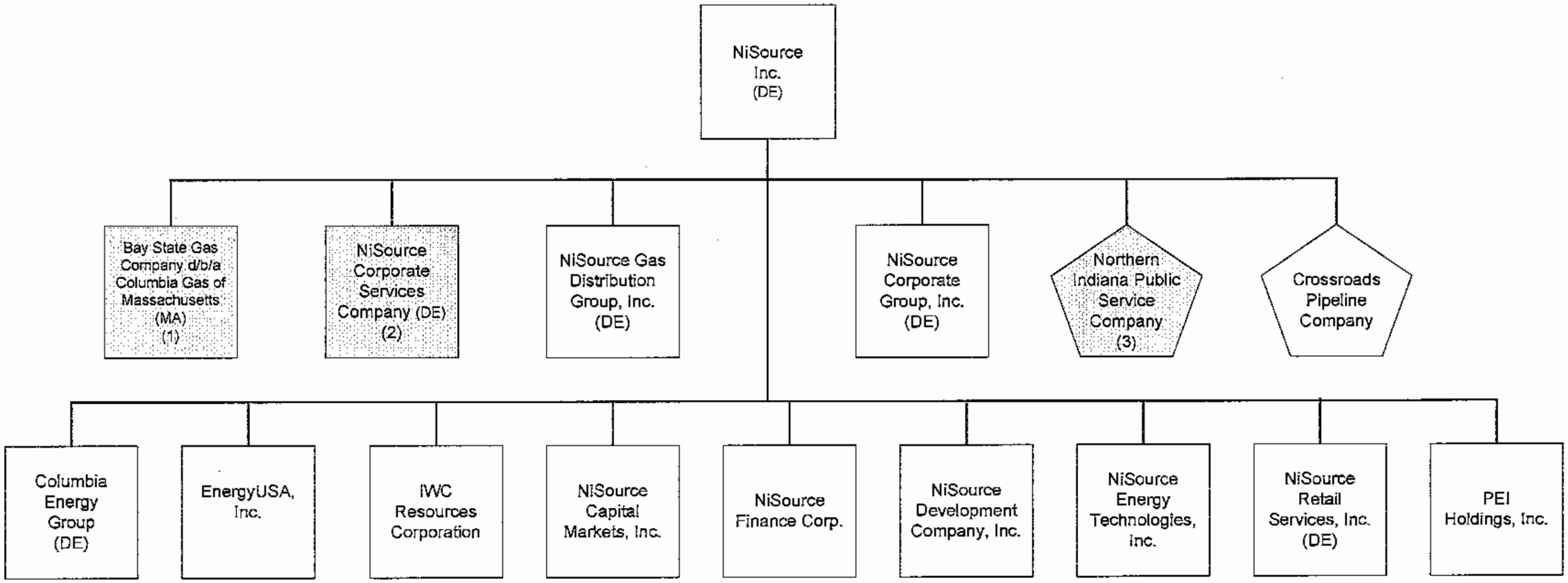
COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO STAFF'S FIRST REQUEST FOR INFORMATION
DATED MAY 22, 2013

2. Provide the current organization chart, showing the relationship between Columbia and any affiliates, divisions, etc. Show the relative positions of all entities and affiliates with which Columbia routinely has business transactions.

Response:

Please see the attached organization chart, marked as Attachment A.

Complete NiSource Inc. Corporate Structure and Direct Subsidiaries as of June 7, 2013



Shaded boxes represent Marketing and Energy Affiliates, as those terms are defined by the Federal Energy Regulatory Commission. Pentagonal shaped boxes represent Transmission Providers. Each subsidiary is 100% owned, unless a smaller percentage is indicated. All entities are organized in Indiana unless otherwise noted.

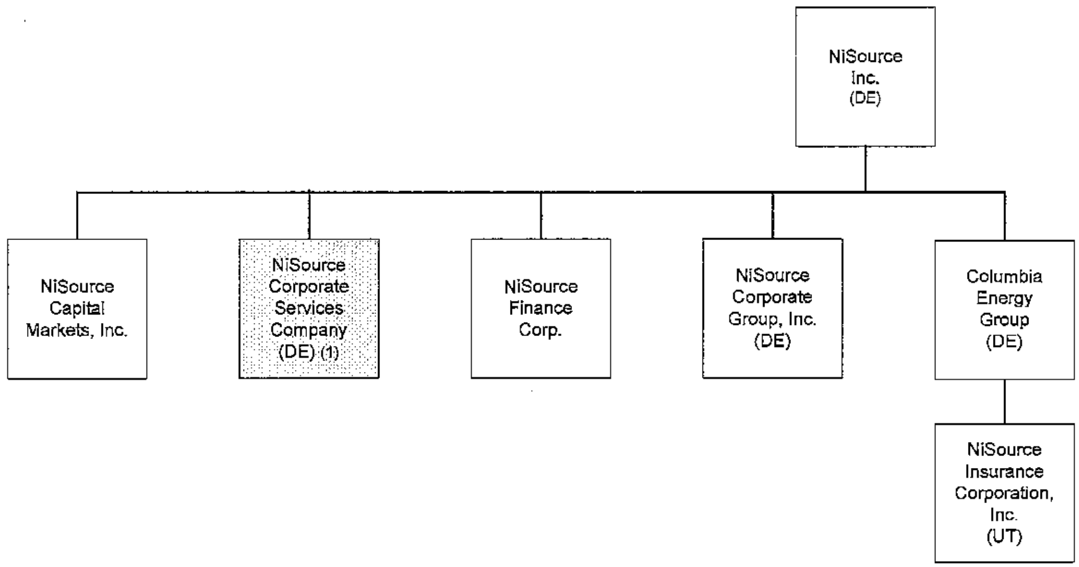
(1) Bay State Gas Company d/b/a Columbia Gas of Massachusetts

(2) A division of NiSource Corporate Service Company is treated as a Marketing and Energy Affiliate.

Since NiSource is a registered holding company, certain support services are provided on a company-wide basis by a corporate service company; NiSource Corporate Services Company (NCSC). NCSC provides the following services to NiSource Transmission Providers, Marketing and Energy Affiliates, and other direct or indirect subsidiaries of NiSource Inc.: (a) accounting and budget; (b) human resources; (c) information technology; (d) legal; (e) tax; (f) corporate communications; (g) insurance procurement; (h) risk management; (i) corporate credit; (j) investor relations; (k) real estate services; (l) internal audit; and (j) supply chain non-energy procurement.

(3) Northern Indiana Public Service Company (NIPSCO) is a combined electric and gas utility. Within NIPSCO are: an electric public utility Transmission Provider, a retail electric service provider, a gas local distribution (LDC) provider, and employees engaged in wholesale power trading. The gas LDC and employees engaged in wholesale power trading are treated as Marketing and Energy Affiliates.

Corporate Center Subsidiaries as of June 7, 2013

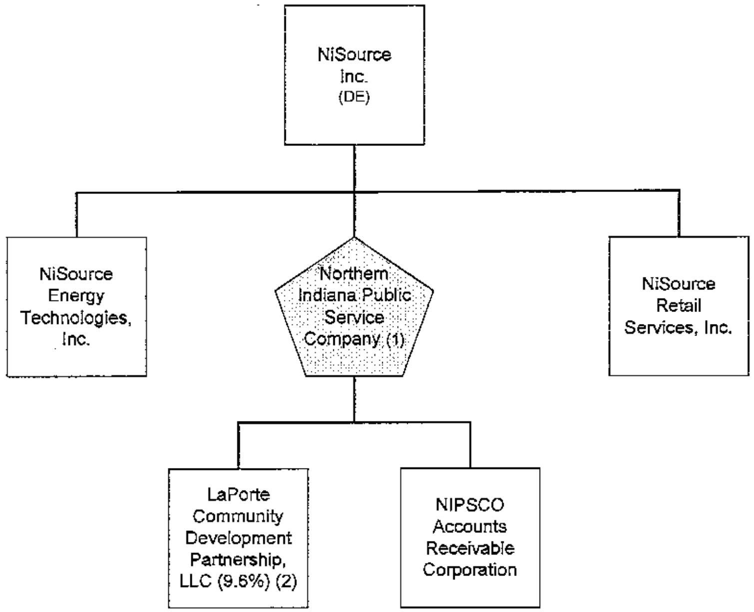


Shaded boxes represent Marketing and Energy Affiliates, as those terms are defined by the Federal Energy Regulatory Commission. Pentagonal shaped boxes represent Transmission Providers. Each subsidiary is 100% owned, unless a smaller percentage is indicated.

(1) A division of NiSource Corporate Service Company, is treated as a Marketing and Energy Affiliate.

Since NiSource is a registered holding company, certain support services are provided on a company-wide basis by a single corporate service company, NiSource Corporate Services Company (NCSC). NCSC provides the following services to NiSource Transmission Providers, Marketing and Energy Affiliates, and other direct or indirect subsidiaries of NiSource Inc.: (a) accounting and budget; (b) human resources; (c) information technology; (d) legal; (e) tax; (f) corporate communications; (g) insurance procurement; (h) risk management; (i) corporate credit; (j) investor relations; (k) real estate services; (l) internal audit; and (j) supply chain non-energy procurement.

NIPSCO Subsidiaries
(with Additional Other Products and Services Subsidiaries)
as of June 7, 2013

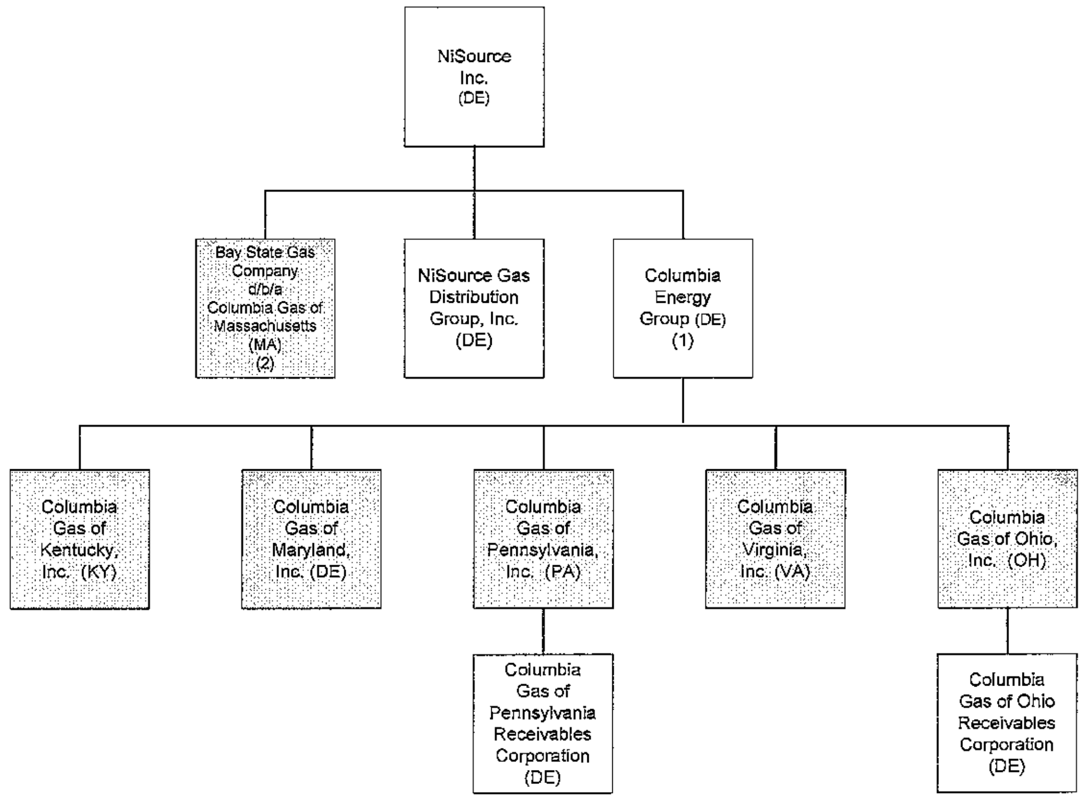


Shaded boxes represent Marketing and Energy Affiliates, as those terms are defined by the Federal Energy Regulatory Commission. Pentagonal shaped boxes represent Transmission Providers. Each subsidiary is 100% owned, unless a smaller percentage is indicated. All entities are organized in Indiana unless otherwise noted.

(1) Northern Indiana Public Service Company (NIPSCO) is a combined electric and gas utility. Within NIPSCO are: an electric public utility Transmission Provider, a retail electric service provider, a gas local distribution (LDC) provider, and employees engaged in wholesale power trading. The gas LDC and employees engaged in wholesale power trading are treated as Marketing and Energy Affiliates.

(2) Investment in community development entity.

NiSource Gas Distribution Subsidiaries (with Additional Other Products and Services Subsidiaries) as of June 7, 2013

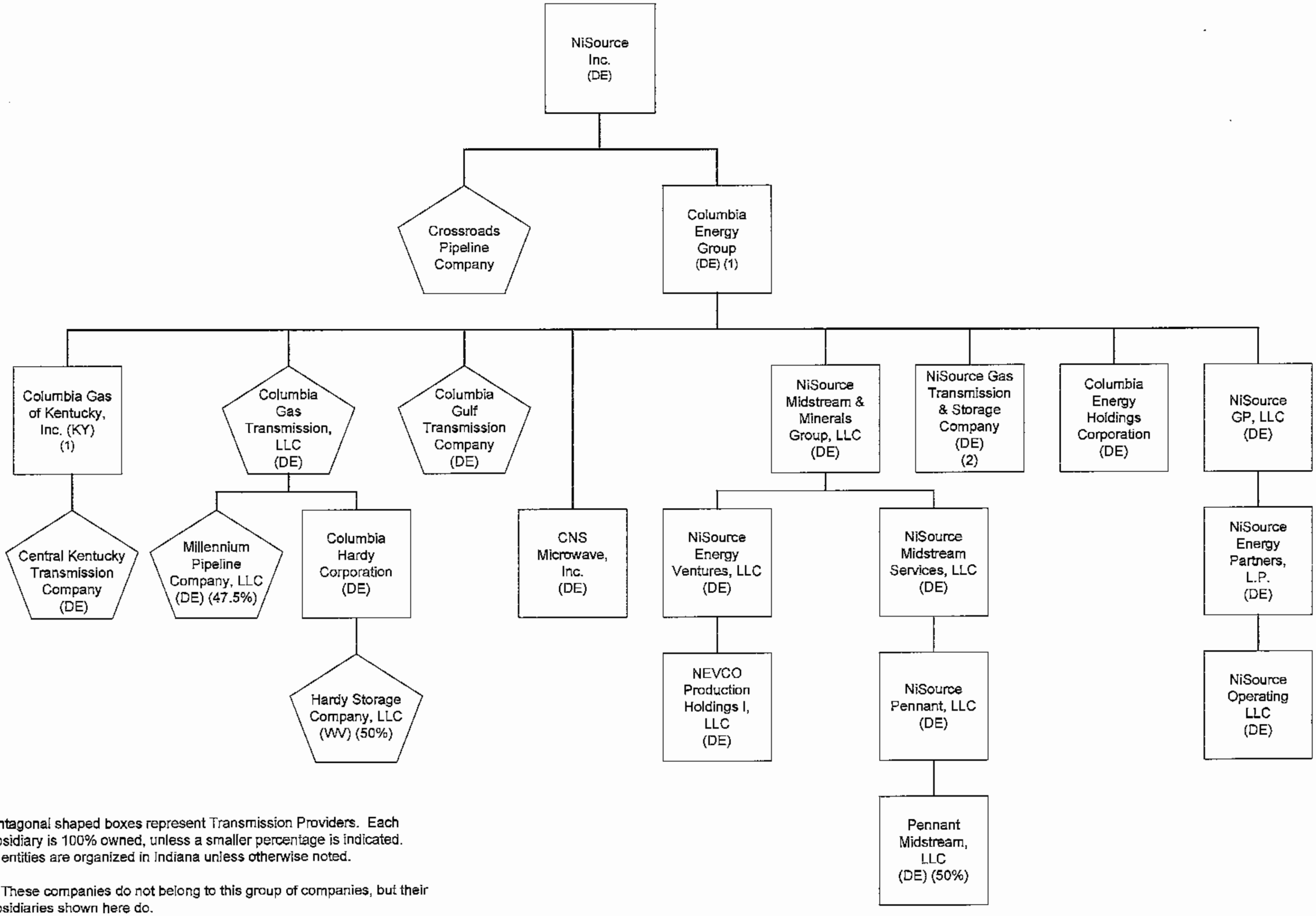


Shaded boxes represent Marketing and Energy Affiliates, as those terms are defined by the Federal Energy Regulatory Commission. Each subsidiary is 100% owned, unless a smaller percentage is indicated. All entities are organized in Indiana unless otherwise noted.

(1) This company does not belong to this group of companies, but the subsidiaries shown here do.

(2) Bay State Gas Company d/b/a Columbia Gas of Massachusetts

Columbia Pipeline Group
(with Additional Other Products and Services Subsidiaries)
as of June 7, 2013

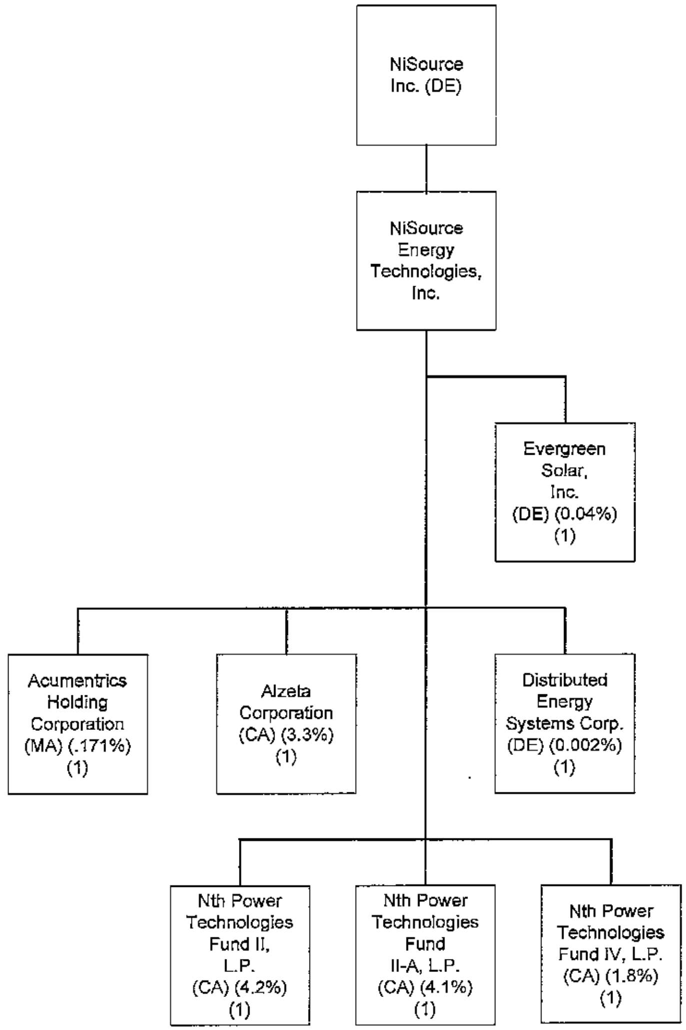


Pentagonal shaped boxes represent Transmission Providers. Each subsidiary is 100% owned, unless a smaller percentage is indicated. All entities are organized in Indiana unless otherwise noted.

(1) These companies do not belong to this group of companies, but their subsidiaries shown here do.

(2) Certain support services are provided to this group by NiSource Gas Transmission & Storage Company.

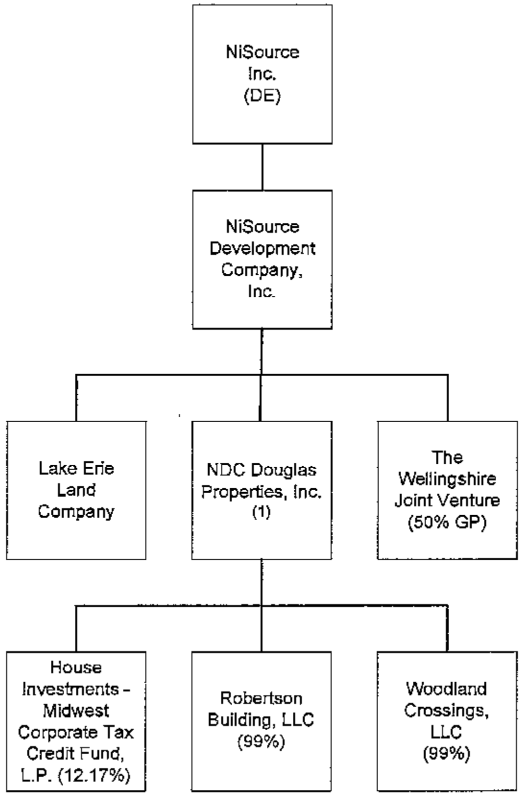
Certain Other Products and Services Subsidiaries and Investments as of June 7, 2013



Each subsidiary is 100% owned, unless a smaller percentage is indicated. All entities are organized in Indiana unless otherwise noted.

(1) These entities are investments in energy technologies.

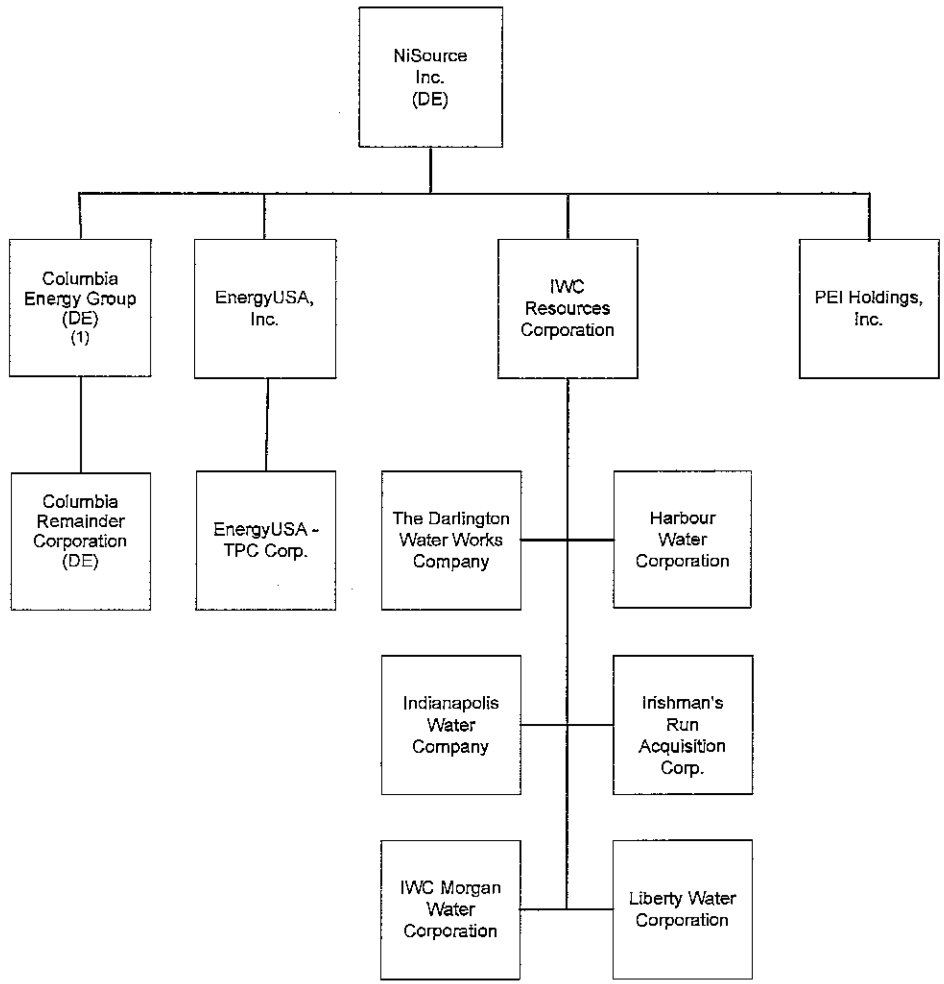
Certain Other Products and Services Subsidiaries and Investments as of June 7, 2013



Each subsidiary is 100% owned, unless a smaller percentage is indicated. All entities are organized in Indiana unless otherwise noted.

(1) NDC Douglas Properties, Inc. is not the General Partner or the managing member of any of its investments.

Certain Other Products and Services Subsidiaries as of June 7, 2013



Each subsidiary is 100% owned, unless a smaller percentage is indicated.
All entities are organized in Indiana unless otherwise noted.

(1) These companies do not belong to this group of companies, but their subsidiaries shown here do.

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

3. Provide the capital structure at the end of the 10 most recent calendar years and each of the other periods shown in Schedule 3a and Schedule 3b.

Response:

The requested data for Schedule 3a is provided in Attachment A (Pages 1 and 2), and the requested data for Schedule 3b is provided in Attachment B (Pages 1 and 2).

Because Columbia Gas of Kentucky, Inc. is a wholly owned subsidiary of Columbia Energy Group, which is a subsidiary of NiSource Inc. (Parent), the above response includes additional information for NiSource Inc. as requested.

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Comparative Capital Structures (Excluding JDIC)
For the Periods as Shown

Line No.	**Columbia Gas of Kentucky, Inc.** Type of Capital	December 31 2003 Amount	Ratio	December 31 2004 Amount	Ratio	December 31 2005 Amount	Ratio	December 31 2006 Amount	Ratio	December 31 2007 Amount	Ratio	December 31, 2008 Amount	Ratio
1.	Long-Term Debt	$ 42,055,000	33.96%	$ 42,055,000	35.16%	$ 36,250,000	24.17%	$ 58,055,000	39.81%	$ 58,055,000	34.76%	$72,055,000	39.36%
2.	Short-Term Debt	$4,012,625	3.24%	$ -	0.00%	$ 32,171,746	21.45%	$ -	0.00%	$ 7,085,647	4.24%	$ 15,598,733	8.52%
3.	Preferred & Preference Stock												
4.	Common Equity	$ 77,755,371	62.80%	$ 77,548,384	64.84%	$ 81,532,822	54.37%	$ 87,792,277	60.19%	$ 101,870,714	61.00%	$95,419,311	52.12%
5.	Other (Itemize by type)												
6.	Total Capitalization	$ 123,822,996	100.00%	$119,603,384	100.00%	$149,954,568	100.00%	$145,847,277	100.00%	$167,011,361	100.00%	$ 183,073,044	100.00%

No.	**Columbia Gas of Kentucky, Inc.** Type of Capital	December 31 2009 Amount	Ratio	December 31 2010 Amount	Ratio	December 31 2011 Amount	Ratio	December 31 2012 Amount	Ratio	August 31, 2013 Test Year Amount	Ratio	Future Test Year December 31, 2014 Amount	Ratio	Average Test Year December 31, 2014 Amount	Ratio
1.	Long-Term Debt	$ 72,055,000	44.84%	$ 82,055,000	47.86%	$ 82,055,000	47.60%	$ 82,055,000	47.18%	$87,335,000	47.67%	$96,335,000	47.34%	$94,642,692	47.49%
2.	Short-Term Debt	$ -	0.00%	$ -	0.00%	$ -	0.00%	$ -	0.00%	$ -	0.00%	$552,462	0.27%	$552,462	0.28%
3.	Preferred & Preference Stock														
4.	Common Equity	$ 88,638,626	55.16%	$ 89,397,098	52.14%	$ 90,341,540	52.40%	$ 91,857,265	52.82%	$95,853,924	52.33%	$106,606,924	52.39%	$104,081,539	52.23%
5.	Other (Itemize by type)														
6.	Total Capitalization	$ 160,693,626	100.00%	$ 171,452,098	100.00%	$ 172,396,540	100.00%	$ 173,912,265	100.00%	$ 183,188,924	100.00%	$ 203,494,386	100.00%	$ 199,276,693	100.00%

Instructions: 1. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Comparative Capital Structures (Excluding JDIC)
For the Periods as Shown
"000 Omitted"

Schedule 3a
Page 2 of 2

Line No.	NiSource Inc. Type of Capital	December 31, 2003 Amount	Ratio	December 31, 2004 Amount	Ratio	December 31, 2005 Amount	Ratio	December 31, 2006 Amount	Ratio	December 31, 2007 Amount	Ratio	December 31, 2008 Amount	Ratio
1.	Long-Term Debt	$ 6,111,700	54.11%	$ 6,135,800	54.24%	$ 5,711,900	49.13%	$ 5,239,500	45.78%	$ 5,628,300	47.83%	$ 6,413,200	52.11%
2.	Short-Term Debt	$ 685,500	6.07%	$ 307,600	2.72%	$ 898,000	7.73%	$1,193,000	10.42%	$1,061,000	9.02%	$ 1,163,500	9.46%
3.	Preferred & Preference Stock	$ 81,100	0.72%	$ 81,100	0.72%	$ 81,100	0.70%	0	0.00%	0	0.00%	$ -	0.00%
4.	Common Equity	$ 4,415,900	39.10%	$ 4,787,100	42.32%	$ 4,933,000	42.44%	$ 5,013,600	43.80%	$ 5,076,600	43.15%	$ 4,728,800	38.43%
5.	Other (Itemize by type)												
6.	Total Capitalization	$ 11,294,200	100.00%	$ 11,311,600	100.00%	$ 11,624,000	100.00%	$ 11,446,100	100.00%	$ 11,765,900	100.00%	$ 12,305,500	100.00%

Line No.	NiSource Inc. Type of Capital	December 31, 2009 Amount	Ratio	December 31, 2010 Amount	Ratio	December 31, 2011 Amount	Ratio	December 31, 2012 Amount	Ratio	Latest Available Quarter March 31, 2013 Amount	Ratio	Average December 31, 2012 Amount	Ratio
1.	Long-Term Debt	$ 6,684,400	57.42%	$ 5,970,300	48.64%	$ 6,594,400	50.91%	$ 7,326,300	53.64%	$ 6,893,200	50.26%	$7,138,315	54.40%
2.	Short-Term Debt	$ 103,000	0.88%	$ 1,382,500	11.26%	$1,359,400	10.50%	$776,900	5.69%	$ 1,131,200	8.25%	$782,285	5.96%
3.	Preferred & Preference Stock	$ -	0.00%	$ -	0.00%	0	0.00%	0	0.00%	$ -	0.00%	$0	0.00%
4.	Common Equity	$ 4,854,100	41.70%	$ 4,923,200	40.10%	$ 4,997,300	38.59%	$ 5,554,300	40.67%	$ 5,690,700	41.49%	$5,201,823	39.64%
5.	Other (Itemize by type)												
6.	Total Capitalization	$ 11,641,500	100.00%	$ 12,276,000	100.00%	$ 12,951,100	100.00%	$ 13,657,500	100.00%	$ 13,715,100	100.00%	$ 13,122,423	100.00%

Instructions: 1. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

Columbia Gas of Kentucky, Inc.

Schedule 3b
Page 1 of 2

Case No. 2013-00167

Calculation of Average Test Period Capital Structure (Forecasted Period)
13 Months Ended December 31, 2014

Line No.	**Columbia Gas of Kentucky, Inc.** Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Preferred Stock (e)	Common Stock (f)	Retained Earnings (g)	Total Common Equity (h)
1.	December 31, 2013	$194,599,924	$94,335,000	$1,110,000				$99,154,924
2.	Jaunary 31, 2014	$196,359,924	$94,335,000	$0				$102,024,924
3.	February 28, 2014	$198,460,924	$94,335,000	$0				$104,125,924
4.	March 31, 2014	$199,711,924	$94,335,000	$0				$105,376,924
5.	April 30, 2014	$200,000,924	$94,335,000	$0				$105,665,924
6.	May 31, 2014	$199,773,924	$94,335,000	$0				$105,438,924
7.	June 30, 2014	$199,317,924	$94,335,000	$0				$104,982,924
8.	July 31, 2014	$198,777,924	$94,335,000	$0				$104,442,924
9.	August 31, 2014	$198,263,924	$94,335,000	$0				$103,928,924
10	September 30, 2014	$197,736,924	$94,335,000	$0				$103,401,924
11.	October 31, 2014	$200,734,924	$94,335,000	$2,947,000				$103,452,924
12.	November 31, 2014	$202,160,924	$96,335,000	$1,370,000				$104,455,924
13.	December 31, 2014	$204,696,924	$96,335,000	$1,755,000				$106,606,924
14.	Total (L1 through L13)	$2,590,597,012	$1,230,355,000	$7,182,000				$1,353,060,012
15.	Average balance (L14 / 13)	$199,276,693	$94,642,692	$552,462				$104,081,539
16.	Average capitalization ratios	100.00%	47.49%	0.28%				52.23%
17.	End-of-period capitalization ratios	100.00%	47.06%	0.86%				52.08%

Instructions: 1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.

2. Include premium class of stock

Columbia Gas of Kentucky, Inc.

Schedule 3b
Page 2 of 2

Case No. 2013-00167

Calculation of Average Capital Structure (Latest Actual Annual Period)
Ended December 31, 2012
"000 Omitted"

Line No.	**NiSource Inc.** Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Preferred Stock (e)	Common Stock (f)	Retained Earnings (g)	Total Common Equity (h)
1.	December 31, 2011	$12,951,100	$6,594,400	$1,359,400				$4,997,300
2.	Jaunary 31, 2012	12,873,300	$6,582,900	$1,272,000				$5,018,400
3.	February 28, 2012	12,941,700	$6,582,300	$1,279,400				$5,080,000
4.	March 31, 2012	12,929,800	$6,585,200	$1,264,200				$5,080,400
5.	April 30, 2012	12,890,100	$6,828,500	$938,600				$5,123,000
6.	May 31, 2012	12,933,200	$6,828,000	$1,021,300				$5,083,900
7.	June 30, 2012	13,006,700	$7,573,800	$327,600				$5,105,300
8.	July 31, 2012	13,114,900	$7,640,300	$338,800				$5,135,800
9.	August 31, 2012	13,202,300	$7,642,600	$471,300				$5,088,400
10	September 30, 2012	13,279,100	$7,643,000	$225,300				$5,410,800
11.	October 31, 2012	13,302,300	$7,644,200	$213,200				$5,444,900
12.	November 31, 2012	13,509,600	$7,326,600	$681,700				$5,501,300
13.	December 31, 2012	13,657,400	$7,326,300	$776,900				$5,554,200
14.	Total (L1 through L13)	$170,591,500	$92,798,100	$10,169,700				$67,623,700
15.	Average balance (L14 / 13)	$13,122,423	$7,138,315	$782,285				$5,201,823
16.	Average capitalization ratios	100.00%	54.40%	5.96%				39.64%
17.	End-of-period capitalization ratios	100.00%	53.64%	5.69%				40.67%

Instructions: 1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.

2. Include premium class of stock

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

4. Provide the following:

a. A list of all outstanding issues of long-term debt as of the end of the latest calendar year, together with the related information as shown in Schedule 4a.

b. An analysis of short-term debt as shown in Schedule 4b as of the end of the latest calendar year.

Response:

a. The requested data for Schedule 4a is provided in Attachment A.

b. The requested data for Schedule 4b is provided in Attachment B.

Schedule 4a

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Schedule of Outstanding Long-Term Debt
For the Year Ended and Forecasted Test Year December 31, 2014

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate [1] (e)	Cost Rate at Issue [2] (f)	Cost Rate to Maturity [3] (g)	Bond Rating at Time of Issue [4] (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)
Columbia Gas of Kentucky, Inc.										
1	Debentures	1/5/2006	1/5/2016	$10,750,000	5.41%	5.41%	5.41%		Intercompany	$581,575
2	Debentures	1/5/2006	1/5/2017	$4,210,000	5.45%	5.45%	5.45%		Intercompany	$229,445
3	Debentures	1/5/2006	1/5/2026	$12,375,000	5.92%	5.92%	5.92%		Intercompany	$732,600
4	Debentures	11/1/2006	11/1/2021	$16,000,000	6.02%	6.02%	6.02%		Intercompany	$962,400
5	Debentures	12/16/2010	12/16/2030	$10,000,000	6.02%	6.02%	6.02%		Intercompany	$602,000
6	Debentures	1/7/2013	1/7/2043	$20,000,000	5.77%	5.77%	5.77%		Intercompany	$1,154,000
7	Debentures	12/18/2013	12/18/2043	$21,000,000	5.24%	5.24%	5.24%		Intercompany	$1,100,400
8	Debentures	11/30/2014	11/30/2044	$2,000,000	5.28%	5.28%	5.28%		Intercompany	$105,600
Total Long-Term debt and Annualized Cost				$96,335,000						$5,468,020
Annualized Cost Rate [Total Col. (j) / Total Col. (d)]										5.68%

[1] Nominal Rate

[2] Nominal Rate Plus Discount or Premium Amortization

[3] Nominal Rate Plus Discount or Premium Amortization and Issuance Cost

[4] Standard and Poor's, Moody, etc.

Schedule 4b

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Schedule of Short-Term Debt

For the Forecasted Test Year Ended December 31, 2014

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Effective Interest Cost Rate (f)	Annualized Interest Cost Col. (f) x Col. (d) (g)
Columbia Gas of Kentucky, Inc.							
1 /	Intercompany	N/A	N/A	$1,755,000	1.94%	1.94%	$34,047
Total Short-Term Debt							
Annualized Cost Rate [Total Col. (g) / Total Col. (d)]							N/A
Projected Interest Paid or Accrued on Short-Term Debt during the Test Year [Report in Col. (g) of this Schedule]							$11,000
Average Short-Term Debt -- Format 3, Schedule 2 Line 15 Col. (d) [Report in Col. (g) of this Schedule]							$552,462
Test-Year Interest Cost Rate [Actual Interest / Average Short-Term Debt] [Report in Col. (f) of this Schedule]							1.99%

Instructions:

Note: In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the effective Interest Cost Rate in sufficient detail to show the items of costs that cause the difference.

1 / The Nominal Interest Rate in Column (e) represents the December 2014 1-mo. LIBOR rate obtained from Bloomberg's forward curve matrix on 4/10/2013, plus the NiSource Revolver Spread of 1.475%. The Amount Outstanding in Columbia's response to KY PSC Data Request Set 1-003 Attachment A, Page 1 of 2, for the forecasted test year ended December 31, 2014, represents a 13-mo. Average where column (d) represents the end of period outstanding debt.

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

5. Provide a list of all outstanding issues of preferred stock as of the end of the latest calendar year as shown in Schedule 5.

Response:

Columbia Gas of Kentucky, Inc. does not have any outstanding issues of preferred stock at the end of the projected period of December 31, 2014.

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

6. Provide the following:

a. List all issues of common stock in the primary market during the 10 most recent calendar years as shown in Schedule 6a.

b. The common stock information on a quarterly and yearly basis for the five most recent calendar years available, and through the latest available quarter as shown in Schedule 6b,

c. The market prices for common stock for each month during the five most recent calendar years and for succeeding months through the date the application is filed, List all stock splits and stock dividends by date and type.

Response:

The following responses are data for NiSource Inc. as Columbia Gas of Kentucky, Inc. is a wholly-owned company of Columbia Energy Group, which is a subsidiary of NiSource Inc. Columbia Gas of Kentucky, Inc. does not have any stock publicly traded.

The requested data for Schedule 6a is provided in Attachment A.

The requested data for Schedule 6b is provided in Columbia's response in Attachment B.

The requested data for market prices for common stock is provided in Attachment C (part 1), and the requested data for stock dividends is provided in Columbia's response to KY PSC Data Request Set 1-006 Attachment C (part 2).

No stock splits have occurred in the most recent 5-year period.

PSC Case No. 2013-00167
Staff Set 1 DR No. 006
Attachment A
Respondent(s): Paul Moul

Schedule 6a

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Schedule of Common Stock Issue

For the 10 Year Period Ended December 31, 2012

DATE OF			Number of Shares Issued	Price Per Share to Public	Price Per Share (Net to Company)	Book value Per Share At Date of Issue	Selling Exp. As % of gross Issue Amount	Net Proceeds to Company	
Issue	Announcement	Registration							
NiSource									
11/13/2002	11/6/2002	11/6/2002	36,000,000	$18.30	$17.75		3.01%	$639,000,000	(a)
11/27/2002	11/6/2002	11/6/2002	5,400,000	$18.30	$17.75		3.01%	$95,850,000	(a)
9/10/2012	9/8/2010	9/8/2010	24,265,000	$16.50	$15.96		3.35%	$387,361,607	(a)

(a) Net proceeds to NiSource after deducting underwriting discounts and commissions.

Excludes shares issued for Employee Stock Purchase Plan, Long Term Incentive Plan, Dividend Reinvestment and Stock Purchase Plan and other minor acquisitions.

Instructions:

1. If the applicant is a member of an affiliate group, provide in a separate schedule the above for the parent company.

Schedule 6b

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Quarterly and Annual Common Stock information

For the Periods as Shown

Period Equity	Average No. of Shares Outstanding (000)	Book Value ($)	Earnings per Share ($)	Dividend Prate Per Share ($)	Return on Average Common (%)
NiSource					
5th Calendar Year: (2008)					
1st Quarter	273,922	$18.47	$0.36	$0.230	
2nd Quarter	273,973	$17.54	-$0.74	$0.230	
3rd Quarter	273,992	$17.03	$0.08	$0.230	
4th Quarter	274,009	$17.24	$0.59	$0.230	
Annual	273,974	$17.24	$0.29	$0.920	1.6%
4th Calendar Year: (2009)					
1st Quarter	274,196	$17.26	$0.54	$0.230	
2nd Quarter	274,693	$17.42	-$0.01	$0.230	
3rd Quarter	275,372	$17.19	-$0.06	$0.230	
4th Quarter	275,960	$17.55	$0.32	$0.230	
Annual	275,061	$17.55	$0.79	$0.920	4.5%
3rd Calendar Year: (2010)					
1st Quarter	276,947	$17.78	$0.71	$0.230	
2nd Quarter	277,566	$17.62	$0.10	$0.230	
3rd Quarter	278,088	$17.53	$0.12	$0.230	
4th Quarter	278,565	$17.66	$0.12	$0.230	
Annual	277,797	$17.66	$1.05	$0.920	6.0%
2nd Calendar Year: (2011)					
1st Quarter	279,339	$17.91	$0.75	$0.230	
2nd Quarter	280,217	$17.84	$0.14	$0.230	
3rd Quarter	280,765	$17.75	$0.12	$0.230	
4th Quarter	281,422	$17.78	$0.05	$0.230	
Annual	280,442	$17.78	$1.06	$0.920	6.0%
1st Calendar Year: (2012)					
1st Quarter	282,925	$17.90	$0.68	$0.230	
2nd Quarter	284,370	$17.93	$0.25	$0.230	
3rd Quarter	290,328	$17.48	$0.06	$0.240	
4th Quarter	309,905	$17.90	$0.43	$0.240	
Annual	291,927	$17.90	$1.42	$0.940	7.9%
Latest Available: (2013)					
1st Quarter	311,120	$18.25	$0.54	$0.240	

PSC Case No. 2013-00167
Staff Set 1 DR No. 006
Attachment C (part 1)
Respondent(s): Paul Moul

Columbus Gas of Kentucky Inc.
Case No. 2013-00167

Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
6/7/2013	28.39	28.65	28.15	28.53	1,639,700
6/6/2013	28.00	28.38	27.82	28.38	1,996,300
6/5/2013	28.21	28.23	27.96	27.99	1,406,000
6/4/2013	28.65	28.69	28.13	28.27	2,087,200
6/3/2013	28.72	28.92	28.26	28.70	1,786,500
5/31/2013	28.65	29.15	28.63	28.73	2,122,700
5/30/2013	28.58	29.09	28.58	28.77	1,641,400
5/29/2013	28.69	28.71	28.33	28.50	2,305,700
5/28/2013	28.94	29.28	28.68	28.87	1,982,100
5/24/2013	28.69	28.78	28.41	28.77	1,618,900
5/23/2013	28.73	28.96	28.44	28.81	3,409,300
5/22/2013	29.56	29.72	28.88	29.02	2,248,200
5/21/2013	29.58	29.74	29.43	29.60	2,882,300
5/20/2013	29.77	29.88	29.57	29.63	2,129,700
5/17/2013	29.54	29.79	29.47	29.78	1,875,700
5/16/2013	29.66	29.73	29.43	29.51	2,697,100
5/15/2013	29.06	30.24	29.06	29.65	4,339,400
5/14/2013	28.73	29.20	28.68	29.09	4,628,200
5/13/2013	28.67	28.89	28.55	28.77	2,900,400
5/10/2013	28.90	28.95	28.53	28.74	3,692,800
5/9/2013	29.84	29.92	28.77	28.85	3,933,600
5/8/2013	30.20	30.25	29.77	29.84	1,479,100
5/7/2013	30.19	30.33	30.09	30.19	1,885,100
5/6/2013	30.54	30.55	30.08	30.18	1,645,500
5/3/2013	30.72	30.85	30.43	30.53	2,418,100
5/2/2013	30.65	30.77	30.44	30.57	1,580,800
5/1/2013	30.76	30.99	30.52	30.61	2,383,000
4/30/2013	30.85	30.97	30.48	30.73	3,019,500
4/29/2013	30.86	31.23	30.86	31.15	1,300,500
4/26/2013	30.89	31.21	30.76	30.82	2,239,900
4/25/2013	31.24	31.37	31.10	31.17	2,346,300
4/24/2013	31.14	31.39	31.03	31.14	2,651,900
4/23/2013	31.13	31.17	30.77	31.06	2,055,800
4/22/2013	31.09	31.20	30.81	31.04	740,400

Columbus Gas of Kentucky Inc.
Case No. 2013-00167
Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
4/19/2013	30.80	31.10	30.67	31.09	1,206,200
4/18/2013	30.53	30.69	30.37	30.67	1,866,200
4/17/2013	30.40	30.49	30.07	30.45	2,086,500
4/16/2013	30.15	30.52	29.82	30.51	1,401,200
4/15/2013	30.47	30.60	30.02	30.02	2,326,400
4/12/2013	30.50	30.65	30.47	30.63	1,098,100
4/11/2013	30.72	30.78	30.40	30.54	1,989,400
4/10/2013	30.25	30.66	30.20	30.66	2,639,000
4/9/2013	30.23	30.37	29.99	30.17	1,925,300
4/8/2013	29.85	30.19	29.85	30.18	1,472,700
4/5/2013	29.41	29.91	29.40	29.87	2,071,600
4/4/2013	29.30	29.62	29.28	29.62	1,644,400
4/3/2013	29.31	29.41	29.19	29.28	2,456,400
4/2/2013	29.24	29.37	29.12	29.28	2,006,300
4/1/2013	29.21	29.33	29.05	29.17	1,972,900
3/28/2013	28.64	29.38	28.61	29.34	3,726,400
3/27/2013	28.58	28.85	28.50	28.77	2,135,900
3/26/2013	28.46	28.71	28.40	28.63	1,825,800
3/25/2013	28.46	28.61	28.26	28.38	1,419,600
3/22/2013	28.53	28.58	28.05	28.39	2,519,300
3/21/2013	28.52	28.71	28.42	28.51	1,445,700
3/20/2013	28.46	28.64	28.41	28.58	1,291,100
3/19/2013	28.21	28.38	28.14	28.33	1,735,200
3/18/2013	28.09	28.31	27.96	28.10	2,921,100
3/15/2013	28.39	28.82	28.28	28.28	3,411,000
3/14/2013	28.42	28.50	28.30	28.35	1,393,500
3/13/2013	28.35	28.44	28.28	28.42	991,000
3/12/2013	28.54	28.54	28.26	28.35	1,160,700
3/11/2013	28.25	28.58	28.25	28.54	1,257,000
3/8/2013	28.10	28.34	28.04	28.29	2,919,300
3/7/2013	28.25	28.32	28.01	28.03	1,378,400
3/6/2013	28.38	28.45	28.12	28.24	1,493,500
3/5/2013	28.28	28.35	28.20	28.32	1,479,900
3/4/2013	27.83	28.27	27.83	28.17	1,787,800

Columbus Gas of Kentucky Inc.
Case No. 2013-00167

Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
3/1/2013	27.66	27.96	27.51	27.93	2,026,800
2/28/2013	27.44	27.78	27.44	27.70	3,413,400
2/27/2013	27.18	27.47	27.08	27.42	3,738,300
2/26/2013	27.01	27.18	26.83	27.15	2,387,300
2/25/2013	27.28	27.44	26.88	26.90	1,872,100
2/22/2013	27.00	27.25	26.95	27.20	1,326,700
2/21/2013	26.94	27.07	26.87	26.97	1,423,800
2/20/2013	27.27	27.37	26.98	27.04	2,414,400
2/19/2013	26.93	27.40	26.81	27.26	3,809,000
2/15/2013	26.86	26.95	26.71	26.78	3,143,100
2/14/2013	27.07	27.20	26.87	26.91	1,853,000
2/13/2013	27.01	27.19	27.01	27.18	921,100
2/12/2013	26.91	27.05	26.81	27.03	1,284,300
2/11/2013	26.93	27.02	26.88	26.94	1,045,000
2/8/2013	26.93	26.93	26.70	26.92	1,271,200
2/7/2013	26.88	27.02	26.77	26.91	1,819,100
2/6/2013	26.85	26.90	26.68	26.83	5,510,800
2/5/2013	27.06	27.17	26.92	26.92	1,450,300
2/4/2013	27.09	27.16	26.87	26.89	1,694,300
2/1/2013	27.08	27.19	27.06	27.19	1,486,600
1/31/2013	26.96	27.05	26.80	27.03	1,724,500
1/30/2013	27.22	27.29	27.10	27.10	2,259,800
1/29/2013	26.79	27.31	26.70	27.27	2,561,100
1/28/2013	26.67	26.88	26.52	26.76	1,207,200
1/25/2013	26.50	26.66	26.27	26.66	1,949,000
1/24/2013	26.57	26.75	26.48	26.50	2,191,000
1/23/2013	26.51	26.55	26.37	26.52	1,175,500
1/22/2013	26.17	26.55	26.11	26.54	1,622,600
1/18/2013	25.97	26.25	25.91	26.24	1,413,300
1/17/2013	25.97	26.17	25.90	26.03	2,268,000
1/16/2013	25.84	25.97	25.80	25.88	2,153,600
1/15/2013	25.81	25.93	25.64	25.90	2,987,000
1/14/2013	25.75	26.00	25.68	25.88	4,040,400
1/11/2013	25.48	25.79	25.46	25.76	2,513,900

Columbus Gas of Kentucky Inc.

Case No. 2013-00167

Stock Market Prices

For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
1/10/2013	25.27	25.56	25.25	25.50	3,289,200
1/9/2013	25.02	25.20	24.90	25.19	2,747,800
1/8/2013	25.06	25.10	24.85	24.95	2,986,500
1/7/2013	25.28	25.30	25.04	25.15	2,286,200
1/4/2013	25.26	25.42	25.25	25.40	1,624,200
1/3/2013	25.26	25.39	25.16	25.22	2,744,300
1/2/2013	25.13	25.32	24.99	25.25	2,610,900
12/31/2012	24.55	24.95	24.39	24.89	2,915,900
12/28/2012	24.61	24.87	24.47	24.63	3,206,100
12/27/2012	24.67	24.78	24.36	24.72	2,189,000
12/26/2012	24.92	25.08	24.71	24.71	1,754,500
12/24/2012	24.90	25.00	24.76	24.91	693,500
12/21/2012	24.88	25.03	24.80	24.97	4,592,700
12/20/2012	24.70	25.07	24.70	25.02	3,460,000
12/19/2012	24.67	24.84	24.56	24.69	2,632,700
12/18/2012	24.38	24.68	24.29	24.65	5,037,600
12/17/2012	24.24	24.45	24.13	24.42	2,468,500
12/14/2012	24.21	24.32	24.09	24.15	3,893,100
12/13/2012	24.35	24.42	24.11	24.18	5,403,100
12/12/2012	24.19	24.58	24.19	24.38	3,052,500
12/11/2012	24.53	24.68	24.02	24.18	5,186,400
12/10/2012	24.49	24.56	24.41	24.49	1,664,100
12/7/2012	24.53	24.67	24.33	24.44	1,538,800
12/6/2012	24.59	24.62	24.37	24.54	2,252,600
12/5/2012	24.18	24.69	24.12	24.57	2,321,900
12/4/2012	24.33	24.37	24.12	24.19	2,229,600
12/3/2012	24.43	24.58	24.29	24.34	2,670,900
11/30/2012	23.95	24.17	23.91	24.17	2,496,200
11/29/2012	23.85	23.95	23.72	23.93	1,962,900
11/28/2012	23.66	23.91	23.59	23.82	2,073,600
11/27/2012	23.91	23.98	23.63	23.66	3,148,200
11/26/2012	23.92	24.22	23.74	23.87	3,421,500
11/23/2012	24.00	24.04	23.85	24.02	960,000
11/21/2012	23.99	24.03	23.76	23.93	6,478,400

Columbus Gas of Kentucky Inc.
Case No. 2013-00167

Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
11/20/2012	23.87	23.99	23.69	23.93	1,640,400
11/19/2012	24.06	24.09	23.63	23.82	3,084,000
11/16/2012	23.38	23.91	23.38	23.89	2,283,400
11/15/2012	23.64	23.71	23.14	23.40	3,095,500
11/14/2012	24.00	24.06	23.58	23.64	2,213,300
11/13/2012	23.90	24.37	23.79	24.01	1,951,600
11/12/2012	24.29	24.30	23.97	24.02	1,791,700
11/9/2012	24.40	24.49	24.20	24.30	1,598,700
11/8/2012	24.50	24.75	24.44	24.48	2,858,300
11/7/2012	24.82	24.85	24.18	24.52	2,772,800
11/6/2012	24.80	25.20	24.73	24.94	2,189,000
11/5/2012	25.07	25.09	24.74	24.79	3,219,100
11/2/2012	25.60	25.63	25.20	25.22	3,845,300
11/1/2012	25.47	25.69	25.36	25.45	1,842,100
10/31/2012	25.45	25.70	25.33	25.47	1,824,800
10/26/2012	25.54	25.63	25.38	25.46	1,876,900
10/25/2012	25.28	25.54	25.20	25.54	1,935,200
10/24/2012	25.11	25.38	25.04	25.16	1,423,800
10/23/2012	25.12	25.12	24.84	25.08	1,525,600
10/22/2012	25.29	25.36	25.05	25.27	1,854,600
10/19/2012	25.68	25.71	25.36	25.42	1,430,800
10/18/2012	25.71	25.74	25.56	25.69	783,000
10/17/2012	25.58	25.74	25.40	25.70	1,853,200
10/16/2012	25.48	25.54	25.35	25.42	1,967,900
10/15/2012	25.28	25.47	25.13	25.46	1,313,100
10/12/2012	25.48	25.49	25.09	25.32	1,820,200
10/11/2012	25.63	25.64	25.45	25.45	1,065,200
10/10/2012	25.65	25.70	25.45	25.55	1,320,400
10/9/2012	25.64	25.73	25.58	25.67	1,749,800
10/8/2012	25.72	25.85	25.59	25.64	1,056,800
10/5/2012	25.88	25.97	25.65	25.73	1,106,100
10/4/2012	25.69	25.94	25.65	25.83	1,722,400
10/3/2012	25.59	25.79	25.47	25.60	2,661,600
10/2/2012	25.49	25.57	25.39	25.57	1,267,500

Columbus Gas of Kentucky Inc.
Case No. 2013-00167

Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
10/1/2012	25.55	25.56	25.35	25.43	1,830,000
9/28/2012	25.46	25.50	25.25	25.48	1,957,200
9/27/2012	25.52	25.62	25.30	25.51	1,913,400
9/26/2012	25.55	25.75	25.43	25.47	2,273,000
9/25/2012	25.71	25.77	25.48	25.51	3,167,200
9/24/2012	25.47	25.81	25.36	25.71	1,968,500
9/21/2012	25.66	25.69	25.45	25.50	2,718,800
9/20/2012	25.49	25.67	25.49	25.59	1,960,200
9/19/2012	25.50	25.67	25.40	25.52	2,141,000
9/18/2012	25.52	25.65	25.43	25.50	1,732,100
9/17/2012	25.49	25.66	25.43	25.50	4,716,400
9/14/2012	25.66	25.84	25.51	25.61	4,716,000
9/13/2012	25.20	25.67	25.20	25.61	3,526,200
9/12/2012	25.29	25.40	25.16	25.35	3,426,400
9/11/2012	25.19	25.32	25.11	25.27	2,193,400
9/10/2012	25.36	25.43	25.19	25.19	2,369,200
9/7/2012	25.49	25.65	25.26	25.30	2,771,700
9/6/2012	24.97	25.48	24.97	25.44	4,453,100
9/5/2012	24.78	24.96	24.71	24.92	3,656,200
9/4/2012	24.31	24.70	24.31	24.70	2,681,800
8/31/2012	24.40	24.48	24.22	24.34	1,561,900
8/30/2012	24.34	24.39	24.22	24.32	1,240,000
8/29/2012	24.41	24.48	24.29	24.37	1,921,000
8/28/2012	24.22	24.50	24.18	24.43	3,162,000
8/27/2012	24.12	24.27	24.06	24.27	2,873,200
8/24/2012	23.96	24.20	23.93	24.14	1,737,900
8/23/2012	24.23	24.23	23.94	24.00	2,458,900
8/22/2012	24.35	24.43	24.22	24.26	1,683,500
8/21/2012	24.61	24.72	24.32	24.34	2,269,800
8/20/2012	24.70	24.70	24.46	24.64	2,056,300
8/17/2012	24.77	24.84	24.54	24.70	2,920,300
8/16/2012	25.03	25.04	24.71	24.82	2,236,000
8/15/2012	25.06	25.14	24.99	24.99	2,176,700
8/14/2012	24.98	25.13	24.90	25.05	1,645,200

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
8/13/2012	25.15	25.19	24.90	24.92	1,905,800
8/10/2012	25.20	25.33	25.10	25.17	2,005,900
8/9/2012	25.29	25.43	25.14	25.24	1,508,400
8/8/2012	25.17	25.36	25.07	25.28	2,037,000
8/7/2012	25.39	25.43	25.14	25.19	2,130,000
8/6/2012	25.36	25.55	25.28	25.31	1,396,400
8/3/2012	25.30	25.36	25.12	25.28	1,805,000
8/2/2012	25.22	25.35	24.88	25.03	3,158,600
8/1/2012	25.63	26.09	25.35	25.38	1,558,300
7/31/2012	25.62	26.15	25.46	25.59	3,127,600
7/30/2012	25.54	25.84	25.44	25.63	2,248,100
7/27/2012	25.38	25.70	25.32	25.60	2,633,700
7/26/2012	25.36	25.57	25.25	25.46	2,706,400
7/25/2012	25.21	25.37	24.82	25.12	2,625,700
7/24/2012	25.36	25.40	24.99	25.11	2,594,200
7/23/2012	25.48	25.52	25.21	25.31	5,685,200
7/20/2012	25.24	25.70	25.24	25.64	6,140,600
7/19/2012	25.27	25.44	25.01	25.34	5,667,800
7/18/2012	25.25	25.38	25.18	25.29	1,859,900
7/17/2012	25.06	25.27	24.89	25.27	1,756,700
7/16/2012	25.08	25.13	24.86	24.98	1,415,800
7/13/2012	24.76	25.15	24.70	25.15	1,941,000
7/12/2012	24.44	24.77	24.36	24.68	2,150,000
7/11/2012	24.44	24.58	24.38	24.54	1,788,500
7/10/2012	24.46	24.68	24.35	24.45	1,811,700
7/9/2012	24.67	24.80	24.29	24.41	2,712,900
7/6/2012	24.38	24.78	24.25	24.75	2,041,300
7/5/2012	24.75	24.75	24.49	24.56	1,683,000
7/3/2012	24.74	24.85	24.65	24.81	1,275,900
7/2/2012	24.85	24.95	24.63	24.82	1,714,000
6/29/2012	25.25	25.29	24.62	24.75	2,188,300
6/28/2012	24.31	24.52	24.17	24.52	1,477,400
6/27/2012	24.28	24.49	24.28	24.43	1,210,300
6/26/2012	24.33	24.40	24.17	24.26	1,709,200

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
6/25/2012	24.12	24.36	24.05	24.29	2,908,200
6/22/2012	24.16	24.36	24.07	24.31	2,906,300
6/21/2012	25.00	25.05	24.03	24.07	5,510,500
6/20/2012	25.11	25.14	24.75	24.89	2,319,400
6/19/2012	25.36	25.43	25.07	25.07	3,128,700
6/18/2012	25.10	25.41	25.10	25.34	1,939,700
6/15/2012	25.39	25.47	25.22	25.34	2,330,800
6/14/2012	25.30	25.46	25.16	25.32	1,997,300
6/13/2012	25.35	25.38	25.15	25.27	2,221,300
6/12/2012	25.18	25.43	25.09	25.42	1,905,800
6/11/2012	25.33	25.47	25.11	25.12	1,600,700
6/8/2012	25.09	25.29	25.01	25.25	1,779,200
6/7/2012	25.14	25.22	24.99	25.11	2,108,300
6/6/2012	24.84	24.99	24.72	24.97	2,189,900
6/5/2012	24.61	24.92	24.59	24.76	1,582,700
6/4/2012	24.72	24.79	24.59	24.73	1,666,000
6/1/2012	24.81	24.96	24.64	24.72	3,183,700
5/31/2012	25.01	25.24	24.84	25.09	2,536,000
5/30/2012	25.12	25.28	24.92	25.04	2,013,100
5/29/2012	25.13	25.32	25.10	25.26	1,295,900
5/25/2012	24.96	25.18	24.96	25.04	1,313,000
5/24/2012	24.76	25.09	24.76	24.96	1,760,400
5/23/2012	24.69	24.81	24.41	24.74	2,567,100
5/22/2012	24.84	24.91	24.70	24.77	1,851,000
5/21/2012	24.47	24.81	24.41	24.81	1,286,200
5/18/2012	24.77	24.84	24.36	24.43	2,742,600
5/17/2012	25.03	25.03	24.64	24.66	1,659,000
5/16/2012	25.10	25.18	24.89	25.03	1,908,400
5/15/2012	25.14	25.31	24.93	25.09	2,089,300
5/14/2012	25.02	25.28	24.89	25.12	2,106,800
5/11/2012	25.18	25.45	25.10	25.25	1,519,300
5/10/2012	25.12	25.35	24.95	25.26	2,496,200
5/9/2012	24.62	25.08	24.60	24.94	3,190,500
5/8/2012	24.68	25.04	24.68	24.85	4,306,600

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
5/7/2012	24.82	24.89	24.62	24.82	1,487,700
5/4/2012	24.72	25.04	24.72	24.92	2,915,200
5/3/2012	25.00	25.20	24.76	24.77	2,052,000
5/2/2012	25.17	25.21	24.92	25.04	2,873,100
5/1/2012	24.80	25.79	24.72	25.33	5,334,800
4/30/2012	24.45	24.76	24.43	24.65	3,350,800
4/27/2012	24.54	24.68	24.36	24.49	2,265,500
4/26/2012	24.32	24.53	24.26	24.45	2,267,800
4/25/2012	24.50	24.76	24.35	24.60	2,647,500
4/24/2012	24.24	24.39	24.16	24.33	1,959,700
4/23/2012	24.24	24.31	24.10	24.30	1,317,600
4/20/2012	24.11	24.49	24.06	24.41	2,352,200
4/19/2012	24.30	24.33	23.93	24.07	2,985,700
4/18/2012	24.26	24.47	24.20	24.32	1,418,900
4/17/2012	24.31	24.46	24.12	24.36	1,460,600
4/16/2012	23.96	24.27	23.95	24.16	7,119,200
4/13/2012	23.91	24.18	23.82	23.92	7,018,200
4/12/2012	23.72	23.93	23.59	23.90	6,520,300
4/11/2012	23.83	23.86	23.69	23.73	2,423,900
4/10/2012	24.21	24.24	23.63	23.67	3,167,700
4/9/2012	24.27	24.42	24.15	24.28	1,460,700
4/5/2012	24.16	24.51	24.13	24.50	2,163,000
4/4/2012	24.32	24.42	24.18	24.27	2,297,600
4/3/2012	24.51	24.68	24.30	24.52	1,658,900
4/2/2012	24.36	24.73	24.25	24.48	2,414,700
3/30/2012	24.33	24.55	24.19	24.35	2,846,500
3/29/2012	23.81	24.28	23.68	24.25	3,315,000
3/28/2012	24.03	24.07	23.72	23.94	2,309,900
3/27/2012	24.24	24.26	24.04	24.06	2,805,100
3/26/2012	24.16	24.30	23.99	24.22	2,116,200
3/23/2012	23.92	24.11	23.83	24.02	2,147,600
3/22/2012	23.60	24.02	23.57	23.94	3,079,200
3/21/2012	23.86	23.91	23.51	23.71	2,949,400
3/20/2012	23.53	23.69	23.48	23.50	2,330,900

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
3/19/2012	23.65	23.83	23.53	23.59	1,574,400
3/16/2012	23.87	23.94	23.49	23.61	3,152,900
3/15/2012	23.94	23.97	23.71	23.90	1,439,800
3/14/2012	24.22	24.30	23.83	23.95	1,942,800
3/13/2012	24.45	24.49	24.09	24.31	2,846,500
3/12/2012	24.11	24.40	24.10	24.37	3,233,400
3/9/2012	23.88	24.14	23.74	24.11	1,863,300
3/8/2012	23.73	23.94	23.57	23.90	1,544,100
3/7/2012	23.60	23.68	23.38	23.61	2,090,500
3/6/2012	23.54	23.63	23.30	23.60	2,796,500
3/5/2012	23.59	23.77	23.44	23.74	2,201,200
3/2/2012	23.90	23.98	23.68	23.69	2,944,100
3/1/2012	23.98	24.03	23.80	23.88	3,787,000
2/29/2012	23.69	24.15	23.50	24.00	4,873,200
2/28/2012	23.59	23.90	23.54	23.63	3,330,500
2/27/2012	23.54	23.65	23.41	23.55	1,341,900
2/24/2012	23.64	23.72	23.52	23.68	2,268,200
2/23/2012	23.48	23.63	23.38	23.56	2,888,300
2/22/2012	23.65	23.95	23.48	23.52	3,921,600
2/21/2012	23.94	23.98	23.63	23.72	3,736,200
2/17/2012	23.24	24.53	23.11	23.79	12,492,500
2/16/2012	22.85	23.23	22.82	23.10	2,200,300
2/15/2012	22.89	22.98	22.71	22.81	2,151,100
2/14/2012	22.89	22.93	22.69	22.87	2,738,100
2/13/2012	23.15	23.18	22.89	22.94	2,146,700
2/10/2012	23.07	23.16	22.90	23.06	1,531,500
2/9/2012	23.54	23.54	23.08	23.18	2,371,100
2/8/2012	23.34	23.55	23.24	23.54	3,794,700
2/7/2012	22.93	23.40	22.88	23.30	2,460,300
2/6/2012	22.92	23.00	22.75	22.97	3,694,900
2/3/2012	22.99	23.10	22.75	23.01	2,954,500
2/2/2012	23.38	23.38	22.77	22.86	4,035,600
2/1/2012	22.74	23.53	22.65	23.45	3,964,600
1/31/2012	22.90	23.05	22.66	22.73	2,518,300

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
1/30/2012	22.80	22.84	22.57	22.76	2,371,000
1/27/2012	23.30	23.30	22.78	22.90	1,950,700
1/26/2012	23.23	23.45	23.10	23.37	3,295,800
1/25/2012	22.77	23.18	22.57	23.12	2,369,300
1/24/2012	22.93	22.94	22.71	22.84	1,336,200
1/23/2012	22.80	23.07	22.78	23.02	2,340,900
1/20/2012	22.81	22.92	22.59	22.84	4,117,100
1/19/2012	23.41	23.45	22.74	22.82	3,011,700
1/18/2012	23.45	23.48	23.20	23.44	2,598,800
1/17/2012	23.35	23.49	22.93	23.47	9,034,600
1/13/2012	22.45	23.33	22.42	23.16	10,909,300
1/12/2012	22.56	22.57	22.32	22.53	8,555,600
1/11/2012	22.68	22.77	22.37	22.47	3,102,200
1/10/2012	23.17	23.17	22.72	22.80	2,777,800
1/9/2012	23.00	23.03	22.85	22.87	1,621,200
1/6/2012	23.09	23.10	22.86	23.00	2,179,600
1/5/2012	23.08	23.15	22.95	23.09	4,114,000
1/4/2012	23.34	23.50	23.10	23.14	3,781,000
1/3/2012	24.06	24.06	23.31	23.35	3,634,000
12/30/2011	23.81	23.97	23.80	23.81	2,059,000
12/29/2011	23.64	23.91	23.64	23.88	1,288,600
12/28/2011	23.64	23.77	23.52	23.64	2,161,800
12/27/2011	23.47	23.68	23.33	23.66	1,132,300
12/23/2011	23.32	23.50	23.24	23.42	1,074,200
12/22/2011	23.31	23.31	23.08	23.19	1,408,400
12/21/2011	22.94	23.23	22.81	23.21	2,745,000
12/20/2011	22.40	22.94	22.35	22.90	2,450,800
12/19/2011	22.65	22.70	22.06	22.13	1,987,100
12/16/2011	22.39	22.57	22.34	22.53	5,608,600
12/15/2011	22.01	22.32	21.97	22.28	3,014,200
12/14/2011	22.25	22.33	21.87	21.87	2,808,800
12/13/2011	21.96	22.47	21.87	22.25	2,876,200
12/12/2011	22.15	22.17	21.67	21.87	2,131,600
12/9/2011	21.97	22.31	21.91	22.25	3,027,800

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12/8/2011	22.30	22.30	21.85	21.85	3,438,000
12/7/2011	22.48	22.52	22.23	22.34	2,351,800
12/6/2011	22.57	22.76	22.45	22.59	1,995,000
12/5/2011	22.83	23.03	22.51	22.64	2,446,100
12/2/2011	22.96	22.96	22.54	22.56	2,568,700
12/1/2011	22.77	22.99	22.75	22.82	2,266,200
11/30/2011	22.55	22.93	22.51	22.91	3,390,700
11/29/2011	21.60	22.14	21.60	22.10	2,897,100
11/28/2011	21.80	21.85	21.40	21.51	2,576,500
11/25/2011	21.20	21.54	21.17	21.35	835,700
11/23/2011	21.37	21.44	21.20	21.23	2,427,000
11/22/2011	21.58	21.83	21.42	21.53	2,980,600
11/21/2011	21.81	21.84	21.45	21.62	2,516,700
11/18/2011	22.11	22.17	21.97	22.00	2,874,700
11/17/2011	21.81	22.16	21.71	21.99	3,532,100
11/16/2011	21.94	22.15	21.83	21.84	2,392,700
11/15/2011	22.08	22.16	21.94	22.11	2,031,200
11/14/2011	22.36	22.38	22.04	22.07	1,909,000
11/11/2011	22.19	22.49	22.19	22.47	2,428,200
11/10/2011	21.96	22.08	21.67	21.92	2,889,000
11/9/2011	22.09	22.09	21.61	21.70	4,330,100
11/8/2011	22.24	22.42	21.98	22.34	3,165,400
11/7/2011	22.27	22.28	21.89	22.18	3,382,900
11/4/2011	22.09	22.30	21.79	22.23	3,030,100
11/3/2011	22.01	22.21	21.87	22.15	2,236,200
11/2/2011	21.57	21.91	21.57	21.78	3,877,700
11/1/2011	21.56	21.72	21.21	21.32	4,430,400
10/31/2011	22.36	22.48	22.07	22.09	3,184,300
10/28/2011	22.40	22.84	22.27	22.52	6,393,500
10/27/2011	22.57	22.71	22.16	22.40	7,236,600
10/26/2011	22.90	22.98	22.37	22.41	5,197,800
10/25/2011	22.81	22.87	22.60	22.61	2,440,600
10/24/2011	22.87	22.95	22.77	22.92	7,188,500
10/21/2011	22.67	22.90	22.58	22.90	6,396,800

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
10/20/2011	22.34	22.62	22.25	22.39	7,761,800
10/19/2011	22.52	23.00	22.18	22.24	5,436,000
10/18/2011	22.22	22.80	21.81	22.47	5,910,500
10/17/2011	21.99	22.30	21.85	22.13	4,292,900
10/14/2011	22.03	22.14	21.63	21.75	4,864,600
10/13/2011	21.51	21.83	21.38	21.77	3,519,800
10/12/2011	21.69	21.86	21.48	21.55	3,728,300
10/11/2011	22.11	22.14	21.56	21.59	4,113,400
10/10/2011	21.85	22.28	21.85	22.25	2,493,000
10/7/2011	21.76	21.84	21.51	21.55	2,999,700
10/6/2011	21.38	21.71	21.20	21.71	2,433,300
10/5/2011	21.20	21.46	20.87	21.41	3,157,600
10/4/2011	20.69	21.21	20.31	21.18	4,209,200
10/3/2011	21.37	21.51	20.86	20.86	4,633,700
9/30/2011	21.52	21.79	21.35	21.38	3,694,800
9/29/2011	21.69	21.82	21.29	21.66	4,297,800
9/28/2011	21.71	22.10	21.29	21.42	4,988,500
9/27/2011	21.46	21.86	21.44	21.58	4,478,800
9/26/2011	21.27	21.41	20.98	21.34	3,261,000
9/23/2011	20.87	21.26	20.80	21.09	3,733,000
9/22/2011	21.12	21.17	20.69	20.91	4,626,600
9/21/2011	22.50	22.57	21.65	21.67	4,096,800
9/20/2011	22.36	22.91	22.23	22.51	3,473,600
9/19/2011	21.86	22.29	21.78	22.21	2,338,000
9/16/2011	22.21	22.43	22.10	22.18	2,884,900
9/15/2011	22.09	22.30	21.87	22.07	4,004,500
9/14/2011	21.36	22.06	21.16	21.85	3,745,900
9/13/2011	21.10	21.34	20.86	21.30	2,567,400
9/12/2011	20.78	21.15	20.66	21.10	2,540,700
9/9/2011	21.31	21.34	20.78	21.02	3,301,500
9/8/2011	21.40	21.78	21.36	21.53	2,965,900
9/7/2011	21.20	21.44	21.09	21.43	3,959,300
9/6/2011	20.37	20.94	20.28	20.90	2,463,100
9/2/2011	20.87	21.11	20.74	20.91	2,179,400

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
9/1/2011	21.39	21.51	21.19	21.22	2,926,400
8/31/2011	21.27	21.51	21.21	21.36	3,721,800
8/30/2011	21.00	21.30	20.91	21.24	2,648,300
8/29/2011	20.74	21.08	20.70	21.06	1,948,100
8/26/2011	20.26	20.65	19.86	20.54	2,574,500
8/25/2011	20.91	20.91	20.30	20.40	3,090,800
8/24/2011	20.33	20.91	20.31	20.85	3,357,000
8/23/2011	20.11	20.49	19.95	20.33	5,058,300
8/22/2011	20.50	20.58	19.99	20.06	5,049,000
8/19/2011	20.02	20.31	19.89	20.24	4,687,900
8/18/2011	20.18	20.44	19.97	20.17	3,374,600
8/17/2011	20.43	20.86	20.43	20.63	2,068,700
8/16/2011	20.22	20.46	20.07	20.37	2,739,000
8/15/2011	19.77	20.42	19.70	20.41	2,476,000
8/12/2011	19.97	20.12	19.48	19.63	2,889,900
8/11/2011	19.05	20.02	18.82	19.81	5,242,100
8/10/2011	18.82	19.59	18.74	18.96	7,217,000
8/9/2011	18.50	19.14	17.95	19.13	8,850,000
8/8/2011	19.13	19.30	18.18	18.27	10,250,600
8/5/2011	19.89	19.97	19.06	19.55	7,427,800
8/4/2011	20.39	20.62	19.67	19.69	6,921,000
8/3/2011	20.38	20.69	20.07	20.61	6,105,100
8/2/2011	20.03	20.78	20.03	20.40	5,795,100
8/1/2011	20.33	20.38	20.00	20.12	3,837,400
7/29/2011	20.13	20.34	19.95	20.13	3,218,800
7/28/2011	20.40	20.49	20.24	20.26	1,871,100
7/27/2011	20.43	20.56	20.34	20.36	3,777,200
7/26/2011	21.12	21.13	20.78	20.85	2,778,600
7/25/2011	20.99	21.08	20.89	21.04	3,401,000
7/22/2011	21.30	21.30	20.97	21.06	1,937,800
7/21/2011	21.11	21.37	21.07	21.26	2,794,100
7/20/2011	20.72	21.16	20.69	20.99	3,224,000
7/19/2011	20.29	20.75	20.29	20.71	3,378,300
7/18/2011	20.41	20.41	20.11	20.26	4,363,100

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
7/15/2011	20.41	20.49	20.24	20.44	7,883,100
7/14/2011	20.25	20.48	20.24	20.34	8,012,500
7/13/2011	20.31	20.46	20.21	20.25	1,660,500
7/12/2011	20.13	20.37	20.09	20.21	1,849,400
7/11/2011	20.44	20.47	20.12	20.18	2,128,700
7/8/2011	20.41	20.62	20.36	20.60	2,995,200
7/7/2011	20.58	20.67	20.41	20.58	2,589,600
7/6/2011	20.51	20.54	20.33	20.42	3,955,400
7/5/2011	20.55	20.62	20.45	20.51	2,748,100
7/1/2011	20.28	20.64	20.25	20.59	2,912,300
6/30/2011	20.22	20.29	20.08	20.25	2,913,100
6/29/2011	19.99	20.16	19.99	20.14	2,280,600
6/28/2011	19.77	19.95	19.74	19.93	2,112,500
6/27/2011	19.52	19.77	19.49	19.73	2,239,500
6/24/2011	19.18	19.58	19.18	19.48	3,931,200
6/23/2011	19.25	19.27	19.03	19.17	3,820,800
6/22/2011	19.46	19.49	19.35	19.41	2,880,700
6/21/2011	19.63	19.65	19.48	19.53	4,921,500
6/20/2011	19.41	19.56	19.35	19.51	2,129,200
6/17/2011	19.40	19.57	19.34	19.50	2,860,700
6/16/2011	19.20	19.42	19.17	19.30	2,627,000
6/15/2011	19.37	19.42	19.08	19.18	3,278,800
6/14/2011	19.47	19.58	19.33	19.48	1,605,600
6/13/2011	19.35	19.45	19.24	19.35	1,851,400
6/10/2011	19.49	19.53	19.38	19.40	2,605,200
6/9/2011	19.46	19.67	19.41	19.59	3,094,200
6/8/2011	19.50	19.55	19.33	19.46	3,717,100
6/7/2011	19.49	19.66	19.46	19.53	2,696,400
6/6/2011	19.62	19.69	19.41	19.45	2,542,800
6/3/2011	19.57	19.77	19.49	19.69	2,799,200
6/2/2011	20.00	20.00	19.68	19.80	2,741,200
6/1/2011	20.21	20.28	19.94	19.96	2,218,200
5/31/2011	20.31	20.38	20.18	20.30	3,035,200
5/27/2011	20.25	20.37	20.19	20.24	1,579,000

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
5/26/2011	20.08	20.23	19.95	20.15	1,875,000
5/25/2011	20.15	20.19	19.86	20.15	2,332,100
5/24/2011	20.15	20.15	19.98	19.98	1,328,000
5/23/2011	20.18	20.23	20.03	20.06	1,799,200
5/20/2011	20.55	20.55	20.34	20.37	1,857,600
5/19/2011	20.44	20.60	20.40	20.51	2,068,200
5/18/2011	20.29	20.37	20.13	20.36	1,513,400
5/17/2011	20.13	20.30	20.13	20.29	2,027,400
5/16/2011	20.31	20.38	20.13	20.15	4,229,000
5/13/2011	20.55	20.67	20.26	20.36	3,341,800
5/12/2011	20.27	20.52	20.12	20.48	3,566,100
5/11/2011	20.28	20.37	20.14	20.34	4,234,900
5/10/2011	19.70	20.32	19.68	20.31	6,283,700
5/9/2011	19.43	19.71	19.40	19.67	2,442,100
5/6/2011	19.63	19.78	19.37	19.44	3,965,600
5/5/2011	19.71	19.81	19.44	19.55	3,163,100
5/4/2011	19.71	19.98	19.60	19.82	3,627,400
5/3/2011	19.51	19.87	19.47	19.63	5,620,500
5/2/2011	19.50	19.55	19.22	19.52	3,377,000
4/29/2011	19.45	19.49	19.27	19.45	2,100,000
4/28/2011	19.33	19.44	19.24	19.42	1,442,900
4/27/2011	19.33	19.39	19.17	19.37	2,390,000
4/26/2011	19.29	19.46	19.25	19.43	1,500,000
4/25/2011	19.13	19.26	19.08	19.23	1,233,900
4/21/2011	19.14	19.16	19.03	19.12	1,512,200
4/20/2011	18.96	19.17	18.93	19.09	1,397,400
4/19/2011	18.94	19.01	18.72	18.78	1,960,100
4/18/2011	19.00	19.06	18.81	18.91	2,461,500
4/15/2011	18.98	19.36	18.91	19.17	2,036,400
4/14/2011	18.63	18.98	18.62	18.92	1,931,500
4/13/2011	18.77	18.92	18.73	18.75	1,725,200
4/12/2011	18.77	18.87	18.65	18.73	1,667,200
4/11/2011	18.97	19.03	18.79	18.81	1,289,300
4/8/2011	19.20	19.22	18.86	18.98	1,609,900

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
4/7/2011	19.21	19.29	19.03	19.08	1,694,400
4/6/2011	19.29	19.33	19.24	19.27	1,458,400
4/5/2011	19.37	19.40	19.22	19.26	1,188,300
4/4/2011	19.39	19.39	19.24	19.36	1,343,900
4/1/2011	19.23	19.46	19.23	19.37	1,663,100
3/31/2011	19.19	19.26	19.08	19.18	1,472,200
3/30/2011	19.05	19.32	19.03	19.22	1,770,200
3/29/2011	18.71	19.01	18.66	18.99	1,763,500
3/28/2011	18.88	18.98	18.73	18.73	1,388,300
3/25/2011	18.85	18.99	18.78	18.80	1,586,900
3/24/2011	18.76	18.88	18.60	18.85	2,079,400
3/23/2011	18.63	18.75	18.52	18.68	1,697,400
3/22/2011	18.81	18.88	18.69	18.69	1,368,900
3/21/2011	18.78	19.00	18.70	18.82	1,568,600
3/18/2011	18.55	18.80	18.42	18.53	2,362,200
3/17/2011	18.53	18.58	18.20	18.39	2,973,700
3/16/2011	18.55	18.62	18.20	18.29	2,729,500
3/15/2011	18.27	18.72	18.27	18.58	5,142,900
3/14/2011	18.83	18.83	18.63	18.72	2,426,200
3/11/2011	18.90	19.06	18.82	18.93	2,618,500
3/10/2011	19.36	19.36	18.92	18.93	3,491,300
3/9/2011	19.30	19.61	19.26	19.52	2,265,400
3/8/2011	19.11	19.37	19.10	19.32	1,292,100
3/7/2011	19.11	19.32	19.06	19.09	1,598,200
3/4/2011	19.19	19.27	18.89	19.08	1,427,800
3/3/2011	19.09	19.27	19.07	19.23	1,993,400
3/2/2011	18.88	18.99	18.77	18.98	2,286,200
3/1/2011	19.17	19.24	18.83	18.86	2,271,500
2/28/2011	18.98	19.25	18.92	19.16	2,261,700
2/25/2011	18.77	18.95	18.69	18.95	979,800
2/24/2011	18.71	18.80	18.61	18.73	2,344,400
2/23/2011	18.85	19.03	18.67	18.67	1,959,900
2/22/2011	18.96	19.14	18.83	18.90	1,783,300
2/18/2011	19.06	19.17	19.03	19.10	2,245,300

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
2/17/2011	18.93	19.11	18.85	19.07	2,381,400
2/16/2011	19.04	19.12	18.87	18.95	2,549,900
2/15/2011	18.90	19.20	18.90	19.02	1,896,700
2/14/2011	18.98	19.01	18.81	18.96	1,732,200
2/11/2011	18.82	19.03	18.78	18.96	1,834,400
2/10/2011	18.64	18.92	18.63	18.87	2,044,500
2/9/2011	18.68	18.72	18.57	18.69	2,035,200
2/8/2011	18.69	18.78	18.60	18.77	1,909,300
2/7/2011	18.40	18.71	18.38	18.66	1,596,600
2/4/2011	18.51	18.56	18.32	18.40	2,273,200
2/3/2011	18.49	18.58	18.35	18.49	2,241,700
2/2/2011	18.70	18.70	18.31	18.35	3,319,900
2/1/2011	18.61	18.73	18.42	18.73	4,712,200
1/31/2011	18.72	18.80	18.59	18.62	4,708,200
1/28/2011	18.71	18.78	18.56	18.61	3,074,700
1/27/2011	18.65	18.80	18.57	18.75	2,020,900
1/26/2011	18.90	18.93	18.80	18.80	1,601,600
1/25/2011	18.73	18.89	18.70	18.82	2,137,500
1/24/2011	18.62	18.84	18.62	18.76	1,897,300
1/21/2011	18.71	18.71	18.57	18.61	1,969,500
1/20/2011	18.57	18.80	18.54	18.62	2,079,700
1/19/2011	18.55	18.67	18.50	18.55	2,202,700
1/18/2011	18.65	18.74	18.47	18.53	2,732,200
1/14/2011	18.33	18.57	18.33	18.57	2,100,100
1/13/2011	18.35	18.42	18.31	18.33	2,441,500
1/12/2011	18.36	18.42	18.28	18.32	2,489,400
1/11/2011	18.44	18.44	18.17	18.23	5,393,300
1/10/2011	18.26	18.26	18.00	18.09	7,038,800
1/7/2011	17.95	18.23	17.92	18.21	7,512,000
1/6/2011	17.93	17.93	17.75	17.92	5,708,800
1/5/2011	17.77	17.98	17.76	17.93	1,813,600
1/4/2011	17.83	18.00	17.75	17.86	2,994,600
1/3/2011	17.72	17.86	17.71	17.83	2,831,800
12/31/2010	17.63	17.78	17.61	17.62	1,407,800

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
12/30/2010	17.65	17.69	17.58	17.62	1,048,000
12/29/2010	17.66	17.71	17.56	17.63	1,572,200
12/28/2010	17.55	17.66	17.44	17.61	1,516,200
12/27/2010	17.47	17.60	17.40	17.54	1,048,300
12/23/2010	17.54	17.66	17.51	17.54	1,350,700
12/22/2010	17.44	17.60	17.40	17.52	1,792,400
12/21/2010	17.35	17.49	17.30	17.41	1,581,300
12/20/2010	17.24	17.39	17.18	17.30	3,190,500
12/17/2010	17.22	17.26	17.01	17.11	4,796,900
12/16/2010	17.08	17.26	17.01	17.25	1,438,200
12/15/2010	17.29	17.32	17.04	17.09	3,330,400
12/14/2010	17.36	17.47	17.24	17.30	2,154,300
12/13/2010	17.42	17.42	17.23	17.31	1,899,300
12/10/2010	17.15	17.32	17.12	17.28	2,106,600
12/9/2010	17.06	17.22	17.02	17.09	2,484,000
12/8/2010	17.08	17.12	16.96	17.02	2,604,900
12/7/2010	17.03	17.18	16.99	17.04	3,765,700
12/6/2010	16.90	17.05	16.89	16.94	1,975,300
12/3/2010	17.02	17.09	16.85	16.96	4,917,900
12/2/2010	17.08	17.13	16.93	17.07	1,982,100
12/1/2010	16.93	17.07	16.83	17.03	2,215,000
11/30/2010	16.70	16.85	16.65	16.73	3,000,100
11/29/2010	16.92	16.93	16.71	16.86	1,467,000
11/26/2010	16.98	17.10	16.88	17.00	1,167,900
11/24/2010	17.06	17.11	17.01	17.06	2,721,500
11/23/2010	17.01	17.11	16.83	17.01	2,380,300
11/22/2010	17.00	17.14	16.90	17.14	2,344,100
11/19/2010	17.26	17.34	16.94	17.02	3,753,500
11/18/2010	17.27	17.38	17.15	17.24	1,965,700
11/17/2010	17.09	17.21	17.04	17.15	1,441,400
11/16/2010	17.23	17.28	16.97	17.09	2,147,300
11/15/2010	17.27	17.45	17.27	17.31	1,758,300
11/12/2010	17.30	17.33	17.14	17.19	1,515,100
11/11/2010	17.31	17.43	17.29	17.39	1,642,300

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
11/10/2010	17.48	17.53	17.34	17.40	1,790,200
11/9/2010	17.53	17.58	17.40	17.48	2,838,200
11/8/2010	17.57	17.57	17.37	17.50	2,173,200
11/5/2010	17.57	17.64	17.48	17.63	2,026,900
11/4/2010	17.44	17.59	17.35	17.52	1,680,500
11/3/2010	17.43	17.46	17.16	17.29	1,423,500
11/2/2010	17.31	17.46	17.31	17.37	1,676,400
11/1/2010	17.47	17.47	17.04	17.17	1,875,500
10/29/2010	17.37	17.37	17.17	17.31	2,296,100
10/28/2010	17.44	17.56	17.29	17.45	2,860,500
10/27/2010	17.30	17.38	17.15	17.31	2,737,900
10/26/2010	17.68	17.68	17.51	17.55	2,358,300
10/25/2010	17.73	17.92	17.69	17.71	5,333,400
10/22/2010	17.72	17.78	17.53	17.71	6,804,700
10/21/2010	17.91	17.96	17.63	17.69	5,810,300
10/20/2010	17.81	17.95	17.76	17.85	2,152,100
10/19/2010	17.70	17.93	17.64	17.73	2,868,200
10/18/2010	17.81	17.95	17.77	17.90	4,310,400
10/15/2010	17.91	17.93	17.66	17.78	2,409,800
10/14/2010	17.71	17.85	17.71	17.82	1,984,300
10/13/2010	17.76	17.85	17.59	17.70	2,437,800
10/12/2010	17.73	17.79	17.57	17.71	1,424,700
10/11/2010	17.75	17.85	17.70	17.77	997,800
10/8/2010	17.67	17.78	17.56	17.75	1,233,600
10/7/2010	17.64	17.67	17.44	17.62	1,933,400
10/6/2010	17.70	17.73	17.43	17.55	2,818,700
10/5/2010	17.75	17.80	17.64	17.71	2,942,500
10/4/2010	17.51	17.72	17.41	17.59	3,053,100
10/1/2010	17.55	17.68	17.43	17.58	2,253,700
9/30/2010	17.60	17.64	17.28	17.40	3,377,200
9/29/2010	17.44	17.54	17.32	17.46	1,829,200
9/28/2010	17.43	17.50	17.20	17.49	2,643,600
9/27/2010	17.28	17.53	17.22	17.43	1,825,900
9/24/2010	17.22	17.35	17.14	17.34	2,554,600

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9/23/2010	17.13	17.24	17.02	17.07	2,721,800
9/22/2010	17.08	17.35	17.06	17.23	2,666,000
9/21/2010	17.22	17.26	17.06	17.10	3,296,500
9/20/2010	16.94	17.27	16.86	17.26	2,708,500
9/17/2010	16.97	16.98	16.76	16.93	2,590,100
9/16/2010	16.95	17.02	16.77	16.87	2,208,100
9/15/2010	17.03	17.06	16.86	16.97	2,045,000
9/14/2010	17.17	17.23	17.03	17.05	2,654,000
9/13/2010	17.14	17.18	17.01	17.17	2,787,000
9/10/2010	17.00	17.09	16.90	17.04	3,319,200
9/9/2010	17.09	17.23	16.92	17.01	17,229,900
9/8/2010	17.32	17.38	16.90	16.93	7,598,800
9/7/2010	17.57	17.82	17.51	17.61	2,670,400
9/3/2010	17.73	17.91	17.72	17.91	2,163,200
9/2/2010	17.75	17.75	17.53	17.67	1,828,600
9/1/2010	17.52	17.75	17.47	17.70	6,642,900
8/31/2010	17.11	17.50	17.11	17.36	3,388,800
8/30/2010	17.45	17.53	17.34	17.34	3,020,800
8/27/2010	17.20	17.54	17.08	17.47	5,129,900
8/26/2010	16.92	17.16	16.92	17.11	5,112,000
8/25/2010	16.59	16.99	16.59	16.90	4,306,300
8/24/2010	16.41	16.79	16.35	16.68	3,628,800
8/23/2010	16.60	16.75	16.50	16.56	5,499,000
8/20/2010	16.52	16.58	16.34	16.50	1,888,800
8/19/2010	16.93	16.95	16.57	16.66	1,958,900
8/18/2010	16.87	17.04	16.75	16.96	3,863,900
8/17/2010	16.70	17.02	16.67	16.88	2,218,700
8/16/2010	16.49	16.58	16.34	16.57	1,484,400
8/13/2010	16.44	16.68	16.35	16.57	1,706,300
8/12/2010	16.39	16.56	16.32	16.50	1,792,600
8/11/2010	16.89	16.90	16.55	16.55	2,400,300
8/10/2010	16.88	17.15	16.80	17.12	3,223,100
8/9/2010	16.83	17.02	16.80	17.00	2,215,300
8/6/2010	16.68	16.81	16.46	16.80	2,177,600

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
8/5/2010	16.67	16.83	16.54	16.83	2,234,400
8/4/2010	16.55	16.73	16.43	16.72	2,187,900
8/3/2010	16.75	16.75	16.50	16.58	2,365,000
8/2/2010	16.74	16.83	16.56	16.72	2,872,800
7/30/2010	16.45	16.60	16.31	16.50	2,730,000
7/29/2010	16.75	16.90	16.41	16.53	2,756,600
7/28/2010	16.78	16.83	16.60	16.67	2,392,100
7/27/2010	16.78	16.98	16.70	16.97	2,761,600
7/26/2010	16.49	16.74	16.39	16.69	2,928,700
7/23/2010	16.29	16.50	16.15	16.49	1,730,200
7/22/2010	15.98	16.37	15.90	16.32	3,175,400
7/21/2010	16.12	16.12	15.71	15.83	3,972,500
7/20/2010	15.78	16.09	15.65	16.08	3,112,700
7/19/2010	15.64	15.99	15.64	15.93	3,056,000
7/16/2010	15.95	15.98	15.56	15.61	4,128,000
7/15/2010	15.86	16.10	15.70	16.02	8,095,100
7/14/2010	15.80	15.92	15.71	15.90	2,669,200
7/13/2010	15.98	16.00	15.80	15.86	2,176,800
7/12/2010	15.77	15.98	15.71	15.81	2,628,600
7/9/2010	15.65	15.85	15.57	15.84	2,553,300
7/8/2010	15.53	15.72	15.46	15.65	2,916,900
7/7/2010	14.95	15.51	14.90	15.50	3,685,300
7/6/2010	14.84	15.02	14.75	14.95	5,502,700
7/2/2010	14.60	14.79	14.46	14.69	3,291,400
7/1/2010	14.45	14.51	14.19	14.37	3,228,100
6/30/2010	14.63	14.82	14.45	14.50	3,051,200
6/29/2010	14.83	14.84	14.51	14.62	3,270,100
6/28/2010	14.90	15.05	14.78	14.98	1,341,500
6/25/2010	14.87	14.93	14.63	14.91	2,236,000
6/24/2010	14.91	15.05	14.80	14.82	2,025,300
6/23/2010	15.06	15.10	14.89	14.96	2,371,700
6/22/2010	15.53	15.57	15.04	15.08	2,421,900
6/21/2010	15.71	15.76	15.41	15.48	1,821,300
6/18/2010	15.58	15.58	15.43	15.54	1,556,500

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
6/17/2010	15.43	15.55	15.26	15.54	1,892,800
6/16/2010	15.21	15.42	15.18	15.36	1,920,600
6/15/2010	15.14	15.34	15.08	15.34	2,333,700
6/14/2010	15.14	15.18	15.01	15.03	2,199,200
6/11/2010	14.82	15.06	14.69	15.06	2,584,100
6/10/2010	14.64	14.97	14.61	14.96	2,528,200
6/9/2010	14.73	14.75	14.39	14.45	3,390,800
6/8/2010	14.49	14.68	14.32	14.66	4,153,300
6/7/2010	14.39	14.67	14.31	14.44	3,707,400
6/4/2010	14.79	14.79	14.30	14.35	3,434,300
6/3/2010	14.91	15.01	14.84	14.96	2,386,300
6/2/2010	14.63	14.91	14.58	14.91	2,982,300
6/1/2010	14.79	14.99	14.56	14.56	2,826,900
5/28/2010	14.95	15.13	14.92	14.96	2,251,800
5/27/2010	14.78	14.97	14.70	14.92	2,597,900
5/26/2010	14.49	14.81	14.33	14.55	4,979,100
5/25/2010	14.40	14.44	14.13	14.36	6,006,000
5/24/2010	14.83	15.07	14.65	14.74	2,983,500
5/21/2010	14.64	14.86	14.55	14.86	3,105,900
5/20/2010	15.02	15.19	14.78	14.80	3,752,100
5/19/2010	15.66	15.66	15.24	15.36	4,510,800
5/18/2010	15.94	16.08	15.57	15.65	3,552,600
5/17/2010	15.87	15.97	15.53	15.85	2,250,100
5/14/2010	15.92	15.96	15.67	15.80	2,499,200
5/13/2010	16.07	16.22	15.94	16.00	1,912,300
5/12/2010	15.88	16.19	15.80	16.11	2,230,200
5/11/2010	15.72	16.13	15.61	15.89	3,408,000
5/10/2010	15.88	16.12	15.65	15.84	4,310,000
5/7/2010	15.61	15.77	15.17	15.36	5,498,800
5/6/2010	16.12	16.16	14.46	15.58	5,823,500
5/5/2010	16.48	16.63	16.11	16.20	4,260,300
5/4/2010	16.46	16.73	16.41	16.60	3,224,400
5/3/2010	16.35	16.72	16.30	16.67	2,875,600
4/30/2010	16.30	16.60	16.30	16.30	2,741,200

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
4/29/2010	16.22	16.53	16.19	16.34	3,207,900
4/28/2010	16.11	16.28	15.99	16.17	3,183,900
4/27/2010	16.55	16.60	16.23	16.27	2,717,400
4/26/2010	16.74	16.80	16.59	16.60	1,867,100
4/23/2010	16.38	16.71	16.35	16.71	2,104,800
4/22/2010	16.33	16.45	16.21	16.41	1,997,200
4/21/2010	16.46	16.54	16.39	16.41	2,745,200
4/20/2010	16.48	16.56	16.38	16.46	2,576,900
4/19/2010	16.27	16.41	16.18	16.39	3,595,500
4/16/2010	16.33	16.46	16.25	16.32	3,365,700
4/15/2010	16.25	16.39	16.24	16.33	1,370,300
4/14/2010	16.27	16.37	16.19	16.35	2,791,000
4/13/2010	16.26	16.31	16.12	16.24	869,800
4/12/2010	16.28	16.37	16.26	16.28	873,800
4/9/2010	16.24	16.25	16.12	16.25	5,631,800
4/8/2010	16.28	16.29	16.12	16.20	1,431,500
4/7/2010	16.47	16.55	16.17	16.33	1,999,400
4/6/2010	16.22	16.48	16.19	16.45	1,158,800
4/5/2010	16.17	16.33	16.17	16.29	1,690,800
4/1/2010	15.86	16.17	15.86	16.16	1,927,000
3/31/2010	15.97	16.01	15.80	15.80	1,890,300
3/30/2010	15.99	16.03	15.93	15.99	1,089,800
3/29/2010	15.82	16.00	15.77	15.97	1,357,000
3/26/2010	15.66	15.92	15.65	15.78	5,522,700
3/25/2010	15.74	15.82	15.61	15.61	1,254,100
3/24/2010	15.78	15.85	15.67	15.70	1,509,700
3/23/2010	15.70	15.89	15.63	15.86	1,504,100
3/22/2010	15.64	15.72	15.57	15.70	1,169,600
3/19/2010	15.75	15.88	15.55	15.73	2,457,700
3/18/2010	15.81	15.82	15.66	15.76	1,410,700
3/17/2010	15.70	15.89	15.66	15.83	1,607,000
3/16/2010	15.50	15.68	15.45	15.68	1,626,700
3/15/2010	15.51	15.51	15.37	15.51	1,321,500
3/12/2010	15.64	15.67	15.43	15.49	1,531,600

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
3/11/2010	15.48	15.58	15.38	15.57	1,442,300
3/10/2010	15.47	15.55	15.38	15.55	1,678,000
3/9/2010	15.47	15.47	15.32	15.43	1,243,800
3/8/2010	15.35	15.45	15.34	15.44	1,119,300
3/5/2010	15.20	15.38	15.13	15.38	1,450,900
3/4/2010	15.20	15.24	15.00	15.14	1,979,300
3/3/2010	15.14	15.23	15.06	15.15	1,762,700
3/2/2010	15.21	15.27	14.86	15.14	2,513,800
3/1/2010	15.09	15.23	15.05	15.17	2,046,700
2/26/2010	15.03	15.17	14.94	15.02	9,091,500
2/25/2010	14.82	15.01	14.74	14.99	1,804,900
2/24/2010	15.04	15.11	14.82	15.01	2,928,200
2/23/2010	15.20	15.24	15.00	15.04	2,412,300
2/22/2010	15.25	15.29	15.15	15.21	2,565,500
2/19/2010	14.94	15.21	14.87	15.16	2,462,500
2/18/2010	14.92	15.13	14.91	15.00	3,284,000
2/17/2010	15.08	15.08	14.95	14.97	2,057,600
2/16/2010	14.81	15.01	14.73	15.01	3,115,000
2/12/2010	14.68	14.69	14.46	14.64	3,789,300
2/11/2010	14.60	14.81	14.50	14.79	2,901,600
2/10/2010	14.84	14.86	14.62	14.72	2,394,700
2/9/2010	14.71	15.01	14.66	14.81	3,503,800
2/8/2010	14.64	14.76	14.56	14.58	2,253,600
2/5/2010	14.71	14.76	14.43	14.68	2,835,400
2/4/2010	15.00	15.02	14.73	14.73	2,412,600
2/3/2010	14.99	15.20	14.99	15.11	2,422,200
2/2/2010	14.83	15.18	14.71	15.17	3,443,200
2/1/2010	14.32	14.99	14.25	14.85	5,688,400
1/29/2010	14.39	14.50	14.25	14.25	3,474,500
1/28/2010	14.48	14.56	14.24	14.31	3,870,800
1/27/2010	14.62	14.66	14.30	14.45	3,532,900
1/26/2010	14.68	14.88	14.59	14.81	2,434,200
1/25/2010	14.71	14.82	14.51	14.67	2,987,600
1/22/2010	14.86	15.00	14.56	14.58	4,671,000

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
1/21/2010	15.27	15.44	14.74	14.87	8,910,500
1/20/2010	15.43	15.46	15.27	15.46	1,503,400
1/19/2010	15.32	15.52	15.22	15.52	1,159,200
1/15/2010	15.43	15.48	15.11	15.29	2,059,000
1/14/2010	15.51	15.57	15.45	15.52	1,279,100
1/13/2010	15.38	15.52	15.23	15.50	2,582,600
1/12/2010	15.17	15.42	15.10	15.26	2,560,300
1/11/2010	15.04	15.24	14.95	15.21	3,124,600
1/8/2010	15.00	15.13	14.87	15.02	6,184,400
1/7/2010	15.25	15.30	15.01	15.10	2,910,500
1/6/2010	15.48	15.52	15.20	15.29	2,900,900
1/5/2010	15.55	15.63	15.32	15.47	3,451,600
1/4/2010	15.56	15.69	15.43	15.51	2,713,400
12/31/2009	15.72	15.72	15.38	15.38	1,562,500
12/30/2009	15.56	15.68	15.52	15.64	1,154,700
12/29/2009	15.61	15.73	15.60	15.66	903,500
12/28/2009	15.65	15.72	15.55	15.64	1,483,600
12/24/2009	15.74	15.79	15.58	15.64	773,300
12/23/2009	15.66	15.75	15.58	15.61	1,191,400
12/22/2009	15.73	15.82	15.57	15.65	1,623,000
12/21/2009	15.55	15.79	15.55	15.71	1,737,600
12/18/2009	15.50	15.70	15.42	15.46	3,212,900
12/17/2009	15.46	15.55	15.32	15.43	4,467,200
12/16/2009	15.53	15.66	15.48	15.53	2,313,000
12/15/2009	15.53	15.58	15.32	15.52	2,118,500
12/14/2009	15.55	15.63	15.44	15.55	1,739,800
12/11/2009	15.29	15.58	15.17	15.42	2,507,100
12/10/2009	15.17	15.23	14.97	15.21	2,246,500
12/9/2009	15.10	15.17	14.96	15.07	1,966,500
12/8/2009	15.07	15.31	14.86	15.12	2,585,200
12/7/2009	14.94	15.25	14.94	15.10	2,301,800
12/4/2009	15.13	15.18	14.75	14.97	3,657,200
12/3/2009	14.92	15.13	14.82	14.96	2,144,900
12/2/2009	14.50	14.88	14.43	14.87	2,988,100

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
12/1/2009	14.41	14.53	14.33	14.47	2,321,200
11/30/2009	14.22	14.31	14.17	14.25	2,428,200
11/27/2009	14.21	14.41	14.13	14.21	1,714,100
11/25/2009	14.08	14.58	14.07	14.47	5,038,000
11/24/2009	13.91	14.14	13.87	14.08	3,451,000
11/23/2009	13.88	14.08	13.83	13.91	2,524,600
11/20/2009	13.77	13.84	13.64	13.74	2,299,700
11/19/2009	13.95	14.03	13.66	13.80	2,227,000
11/18/2009	14.11	14.15	13.92	13.99	1,843,200
11/17/2009	14.05	14.14	14.00	14.12	2,012,900
11/16/2009	13.88	14.10	13.86	14.04	2,464,500
11/13/2009	13.59	13.95	13.59	13.92	4,708,700
11/12/2009	13.57	13.70	13.52	13.58	4,604,900
11/11/2009	13.67	13.71	13.49	13.57	3,139,700
11/10/2009	13.50	13.66	13.45	13.59	3,442,500
11/9/2009	13.48	13.55	13.42	13.53	2,327,400
11/6/2009	13.31	13.50	13.29	13.37	3,915,100
11/5/2009	13.16	13.44	13.11	13.37	5,936,600
11/4/2009	13.02	13.27	12.99	13.06	3,944,900
11/3/2009	12.95	13.07	12.86	13.05	4,578,700
11/2/2009	12.97	13.20	12.83	12.97	5,150,400
10/30/2009	13.25	13.32	12.84	12.92	5,700,900
10/29/2009	13.15	13.35	13.10	13.31	3,772,500
10/28/2009	13.34	13.40	13.09	13.09	3,829,700
10/27/2009	13.34	13.58	13.32	13.47	4,250,300
10/26/2009	13.42	13.57	13.20	13.32	3,476,400
10/23/2009	13.70	13.70	13.29	13.36	4,688,500
10/22/2009	13.65	13.73	13.50	13.69	2,509,600
10/21/2009	13.75	13.86	13.63	13.65	3,501,500
10/20/2009	13.94	13.96	13.72	13.80	2,594,200
10/19/2009	13.94	14.01	13.75	13.98	2,423,900
10/16/2009	13.81	13.95	13.68	13.85	2,078,100
10/15/2009	13.91	13.94	13.67	13.88	2,839,100
10/14/2009	14.07	14.17	13.80	13.88	2,564,600

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
10/13/2009	14.11	14.11	13.87	13.97	1,293,700
10/12/2009	14.04	14.14	13.95	14.08	1,163,500
10/9/2009	13.91	14.03	13.79	13.98	1,222,400
10/8/2009	13.76	14.00	13.75	13.90	2,011,400
10/7/2009	13.64	13.75	13.59	13.75	2,453,800
10/6/2009	13.80	13.80	13.62	13.70	1,959,900
10/5/2009	13.49	13.67	13.37	13.66	2,538,200
10/2/2009	13.53	13.56	13.35	13.45	1,832,800
10/1/2009	13.88	13.94	13.52	13.59	2,709,100
9/30/2009	13.96	13.96	13.70	13.89	3,142,700
9/29/2009	13.81	14.03	13.77	13.91	2,508,000
9/28/2009	13.70	13.90	13.66	13.80	1,579,000
9/25/2009	13.59	13.80	13.59	13.68	4,373,400
9/24/2009	13.67	13.77	13.63	13.65	2,290,500
9/23/2009	13.47	13.86	13.47	13.62	3,018,000
9/22/2009	13.55	13.62	13.43	13.48	2,031,000
9/21/2009	13.43	13.63	13.35	13.47	1,717,500
9/18/2009	13.59	13.67	13.41	13.48	2,196,600
9/17/2009	13.69	13.75	13.51	13.54	1,625,900
9/16/2009	13.64	13.77	13.52	13.71	1,951,700
9/15/2009	13.37	13.59	13.21	13.57	1,956,100
9/14/2009	13.15	13.29	13.09	13.28	2,013,700
9/11/2009	13.41	13.46	13.13	13.13	3,578,800
9/10/2009	13.27	13.43	13.17	13.37	2,031,600
9/9/2009	13.20	13.34	13.16	13.30	1,722,600
9/8/2009	13.28	13.29	13.09	13.21	1,408,400
9/4/2009	13.16	13.21	13.04	13.17	1,211,800
9/3/2009	13.07	13.15	12.95	13.12	2,167,600
9/2/2009	13.07	13.15	12.93	13.00	2,226,800
9/1/2009	13.14	13.29	13.08	13.15	3,052,100
8/31/2009	13.34	13.37	13.17	13.21	1,989,700
8/28/2009	13.53	13.59	13.28	13.44	2,319,800
8/27/2009	13.51	13.61	13.36	13.48	1,398,400
8/26/2009	13.50	13.63	13.35	13.56	2,452,800

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
8/25/2009	13.67	13.78	13.58	13.62	2,356,900
8/24/2009	13.68	13.68	13.45	13.58	1,651,100
8/21/2009	13.38	13.58	13.23	13.57	2,628,800
8/20/2009	13.12	13.22	13.03	13.19	3,010,900
8/19/2009	12.87	13.20	12.87	13.10	2,311,100
8/18/2009	12.90	12.98	12.80	12.95	1,512,900
8/17/2009	12.99	13.00	12.83	12.91	2,291,200
8/14/2009	13.18	13.34	12.98	13.10	2,496,900
8/13/2009	13.20	13.23	13.05	13.22	2,742,700
8/12/2009	13.24	13.34	13.08	13.15	6,211,900
8/11/2009	13.22	13.29	13.13	13.24	2,122,100
8/10/2009	13.10	13.27	13.03	13.24	2,303,200
8/7/2009	12.94	13.17	12.82	13.09	2,171,900
8/6/2009	12.96	13.05	12.79	12.80	3,713,800
8/5/2009	13.38	13.39	12.90	12.97	3,886,200
8/4/2009	13.31	13.35	12.85	13.35	4,058,600
8/3/2009	12.94	13.21	12.85	13.11	3,394,000
7/31/2009	12.92	13.00	12.80	12.89	3,647,000
7/30/2009	12.85	13.02	12.77	12.96	3,205,400
7/29/2009	12.89	13.00	12.55	12.79	3,393,600
7/28/2009	12.81	13.17	12.77	13.15	3,929,600
7/27/2009	13.36	13.39	13.21	13.35	2,388,900
7/24/2009	13.05	13.32	13.04	13.30	3,097,900
7/23/2009	12.69	13.20	12.69	13.13	3,581,300
7/22/2009	12.70	12.83	12.63	12.76	3,124,400
7/21/2009	12.68	12.81	12.57	12.72	3,858,300
7/20/2009	12.36	12.60	12.28	12.59	5,376,700
7/17/2009	12.21	12.33	12.12	12.28	2,504,600
7/16/2009	12.08	12.26	12.03	12.22	2,653,100
7/15/2009	11.92	12.12	11.85	12.11	2,183,400
7/14/2009	11.77	11.82	11.64	11.75	2,861,500
7/13/2009	11.57	11.75	11.48	11.74	3,533,200
7/10/2009	11.51	11.65	11.41	11.56	3,361,100
7/9/2009	11.70	11.75	11.47	11.59	3,323,400

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
7/8/2009	11.79	11.91	11.52	11.64	3,545,600
7/7/2009	11.99	12.04	11.66	11.71	2,790,500
7/6/2009	11.68	12.06	11.55	11.98	3,000,300
7/2/2009	12.01	12.02	11.74	11.74	3,364,100
7/1/2009	11.73	12.20	11.72	12.14	3,731,600
6/30/2009	11.68	11.79	11.52	11.66	3,330,500
6/29/2009	11.48	11.82	11.48	11.66	3,724,600
6/26/2009	11.46	11.50	11.34	11.46	3,300,400
6/25/2009	11.22	11.53	11.18	11.48	1,583,000
6/24/2009	11.38	11.39	11.22	11.28	2,541,100
6/23/2009	11.49	11.57	11.25	11.30	2,352,600
6/22/2009	11.24	11.59	11.24	11.48	3,306,600
6/19/2009	11.60	11.60	11.30	11.37	3,286,500
6/18/2009	11.22	11.50	11.20	11.46	2,054,500
6/17/2009	11.09	11.27	11.04	11.19	2,521,700
6/16/2009	11.29	11.41	11.08	11.13	1,754,600
6/15/2009	11.44	11.44	11.17	11.24	2,268,600
6/12/2009	11.34	11.59	11.22	11.55	1,906,500
6/11/2009	11.22	11.49	11.08	11.38	2,902,700
6/10/2009	11.07	11.25	11.01	11.12	6,140,200
6/9/2009	11.20	11.24	10.92	10.95	2,067,600
6/8/2009	10.97	11.24	10.97	11.11	3,954,000
6/5/2009	11.07	11.16	10.81	10.94	3,541,000
6/4/2009	11.00	11.07	10.91	10.98	1,832,700
6/3/2009	11.02	11.08	10.79	10.95	2,708,700
6/2/2009	11.07	11.23	11.00	11.10	2,454,300
6/1/2009	10.80	11.09	10.80	11.06	2,568,800
5/29/2009	10.81	10.82	10.55	10.69	3,557,500
5/28/2009	10.56	10.80	10.52	10.74	2,489,200
5/27/2009	10.85	10.92	10.50	10.50	3,252,400
5/26/2009	10.46	10.91	10.39	10.84	2,244,600
5/22/2009	10.51	10.63	10.44	10.47	1,816,200
5/21/2009	10.58	10.62	10.42	10.48	2,288,400
5/20/2009	10.79	10.99	10.60	10.63	6,881,600

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
5/19/2009	10.72	10.94	10.67	10.70	3,714,300
5/18/2009	10.72	10.81	10.63	10.68	3,642,600
5/15/2009	10.83	10.98	10.58	10.64	2,940,300
5/14/2009	10.78	10.91	10.70	10.87	2,831,700
5/13/2009	11.05	11.30	10.77	10.78	3,315,000
5/12/2009	11.24	11.34	11.09	11.13	2,726,500
5/11/2009	11.29	11.46	11.13	11.17	4,034,600
5/8/2009	11.35	11.62	11.24	11.40	4,902,600
5/7/2009	11.26	11.43	11.12	11.19	4,426,000
5/6/2009	11.51	11.62	11.33	11.40	4,075,400
5/5/2009	11.41	11.60	11.35	11.42	3,652,600
5/4/2009	11.23	11.53	11.23	11.48	4,484,400
5/1/2009	11.01	11.27	11.01	11.24	3,432,400
4/30/2009	10.99	11.16	10.96	10.99	4,352,000
4/29/2009	10.90	11.03	10.86	10.93	3,160,500
4/28/2009	10.87	10.94	10.78	10.81	3,102,100
4/27/2009	10.76	11.20	10.75	11.05	3,213,500
4/24/2009	10.75	10.90	10.66	10.84	3,756,700
4/23/2009	10.51	10.70	10.46	10.66	3,962,700
4/22/2009	10.53	10.71	10.32	10.52	2,926,300
4/21/2009	10.36	10.65	10.36	10.57	3,455,200
4/20/2009	10.60	10.60	10.31	10.37	2,600,800
4/17/2009	10.67	10.75	10.58	10.65	2,428,600
4/16/2009	10.51	10.72	10.44	10.62	2,593,300
4/15/2009	10.31	10.51	10.31	10.48	2,595,300
4/14/2009	10.33	10.46	10.25	10.33	3,575,300
4/13/2009	10.37	10.48	10.15	10.40	2,630,900
4/9/2009	10.46	10.55	10.21	10.39	4,675,200
4/8/2009	9.94	10.22	9.94	10.21	2,618,700
4/7/2009	9.91	10.10	9.81	9.97	1,931,600
4/6/2009	10.04	10.20	9.94	9.98	2,688,600
4/3/2009	10.08	10.17	10.00	10.11	2,467,700
4/2/2009	10.22	10.25	9.96	10.08	3,214,400
4/1/2009	9.66	10.07	9.64	9.99	3,055,700

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
3/31/2009	9.80	9.95	9.77	9.80	3,012,200
3/30/2009	9.98	10.04	9.52	9.70	3,423,700
3/27/2009	10.12	10.31	10.04	10.07	2,105,400
3/26/2009	10.21	10.31	10.02	10.26	2,612,300
3/25/2009	10.11	10.23	9.86	10.10	3,398,800
3/24/2009	10.24	10.29	10.00	10.00	2,989,000
3/23/2009	9.82	10.32	9.66	10.31	4,146,000
3/20/2009	9.83	9.90	9.61	9.64	3,062,900
3/19/2009	9.72	9.82	9.62	9.70	2,772,400
3/18/2009	9.43	9.71	9.25	9.64	4,173,600
3/17/2009	9.27	9.50	9.10	9.47	2,507,800
3/16/2009	8.97	9.53	8.95	9.24	3,640,600
3/13/2009	8.93	9.06	8.81	9.02	2,511,100
3/12/2009	8.57	8.87	8.41	8.84	3,499,600
3/11/2009	8.85	8.87	8.50	8.54	4,728,900
3/10/2009	8.32	8.75	8.32	8.72	4,451,900
3/9/2009	8.19	8.52	8.06	8.33	5,610,600
3/6/2009	7.83	8.38	7.83	8.17	7,032,000
3/5/2009	8.27	8.42	7.79	7.86	4,425,700
3/4/2009	8.09	8.52	8.01	8.42	6,207,900
3/3/2009	8.39	8.51	7.96	7.99	3,567,900
3/2/2009	8.61	8.73	8.30	8.31	3,847,900
2/27/2009	8.85	9.01	8.60	8.75	5,590,900
2/26/2009	9.18	9.30	8.90	8.92	3,042,500
2/25/2009	9.21	9.24	8.94	9.10	5,109,900
2/24/2009	8.77	9.21	8.73	9.16	7,668,600
2/23/2009	8.70	8.88	8.47	8.50	3,717,000
2/20/2009	8.73	8.89	8.47	8.70	4,899,500
2/19/2009	8.95	9.10	8.79	8.80	4,631,500
2/18/2009	9.53	9.59	8.85	8.92	7,593,000
2/17/2009	9.95	9.95	9.48	9.49	4,213,300
2/13/2009	10.25	10.32	10.06	10.17	2,529,900
2/12/2009	10.19	10.36	9.91	10.21	4,516,900
2/11/2009	10.53	10.57	10.20	10.37	3,856,000

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
2/10/2009	10.75	10.84	10.33	10.53	5,881,900
2/9/2009	10.84	10.84	10.64	10.79	3,490,600
2/6/2009	10.64	10.88	10.41	10.77	5,591,800
2/5/2009	10.60	10.76	10.48	10.68	6,872,700
2/4/2009	10.12	10.73	10.05	10.63	11,398,000
2/3/2009	9.48	9.97	9.39	9.75	7,109,400
2/2/2009	9.62	9.75	9.26	9.38	10,192,500
1/30/2009	10.38	10.47	9.60	9.68	10,804,800
1/29/2009	10.77	10.95	10.65	10.71	2,278,000
1/28/2009	11.18	11.18	10.73	10.81	3,590,400
1/27/2009	10.93	11.19	10.83	11.10	3,480,900
1/26/2009	10.52	10.99	10.49	10.87	4,041,500
1/23/2009	10.25	10.53	10.18	10.48	2,792,500
1/22/2009	10.39	10.55	10.30	10.43	3,183,400
1/21/2009	10.56	10.56	10.21	10.52	4,439,000
1/20/2009	10.65	10.78	10.33	10.38	3,243,000
1/16/2009	10.70	10.92	10.54	10.71	3,296,500
1/15/2009	10.68	10.69	10.36	10.59	4,509,000
1/14/2009	10.77	10.83	10.46	10.67	3,153,400
1/13/2009	10.99	11.04	10.75	10.83	3,045,900
1/12/2009	11.10	11.17	10.91	10.99	2,739,200
1/9/2009	10.95	11.22	10.85	11.08	4,186,800
1/8/2009	10.76	10.99	10.75	10.94	3,538,400
1/7/2009	11.10	11.12	10.74	10.79	4,222,800
1/6/2009	11.26	11.40	11.10	11.15	4,305,000
1/5/2009	11.14	11.25	11.09	11.17	4,199,400
1/2/2009	11.00	11.23	11.00	11.14	3,442,800
12/31/2008	10.95	11.06	10.85	10.97	3,705,500
12/30/2008	10.70	10.98	10.70	10.94	1,999,600
12/29/2008	10.67	10.72	10.54	10.67	1,448,300
12/26/2008	10.66	10.79	10.58	10.70	758,000
12/24/2008	10.46	10.69	10.46	10.62	860,300
12/23/2008	10.89	10.97	10.45	10.52	2,360,300
12/22/2008	10.95	11.13	10.68	10.84	3,148,700

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
12/19/2008	11.32	11.57	10.90	10.93	4,666,600
12/18/2008	11.45	11.51	11.11	11.19	3,473,300
12/17/2008	11.68	11.75	11.34	11.38	4,368,400
12/16/2008	11.57	11.95	11.40	11.94	4,481,600
12/15/2008	11.68	11.73	11.19	11.38	2,391,000
12/12/2008	11.18	11.66	11.05	11.64	3,910,800
12/11/2008	11.23	11.78	11.14	11.37	3,517,600
12/10/2008	11.21	11.44	11.06	11.30	3,772,700
12/9/2008	10.99	11.49	10.99	11.24	3,329,800
12/8/2008	11.36	11.44	10.78	11.07	3,953,000
12/5/2008	10.77	11.21	10.48	11.18	3,410,400
12/4/2008	11.60	11.69	10.65	10.90	4,173,100
12/3/2008	11.05	11.65	11.00	11.63	4,862,400
12/2/2008	11.18	11.65	10.82	11.29	4,210,000
12/1/2008	11.78	11.97	11.32	11.33	4,005,200
11/28/2008	12.03	12.05	11.71	12.05	1,556,900
11/26/2008	11.76	11.97	11.56	11.83	3,359,900
11/25/2008	11.90	12.40	11.56	11.97	4,364,100
11/24/2008	11.50	11.97	11.22	11.70	3,891,900
11/21/2008	10.67	11.42	10.35	11.39	4,974,600
11/20/2008	10.97	11.21	10.35	10.48	5,052,600
11/19/2008	11.53	11.89	11.08	11.08	3,684,800
11/18/2008	11.67	11.87	11.13	11.58	3,062,500
11/17/2008	11.40	12.02	11.26	11.74	3,392,800
11/14/2008	10.55	12.09	10.55	11.55	3,761,600
11/13/2008	11.70	12.23	11.09	12.23	4,380,100
11/12/2008	11.94	12.05	11.66	11.71	2,218,500
11/11/2008	12.31	12.42	11.94	12.11	3,001,600
11/10/2008	12.96	13.13	12.11	12.35	2,337,200
11/7/2008	12.60	12.99	12.41	12.75	3,015,800
11/6/2008	13.23	13.35	12.41	12.49	2,291,700
11/5/2008	13.45	13.94	13.23	13.25	2,015,300
11/4/2008	13.42	14.01	13.26	13.52	2,040,600
11/3/2008	12.86	13.32	12.86	13.22	3,450,800

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
10/31/2008	13.10	13.22	12.86	12.96	6,014,400
10/30/2008	13.03	13.22	12.58	13.16	2,323,900
10/29/2008	13.06	13.16	12.56	12.65	2,640,600
10/28/2008	12.38	13.28	11.93	13.28	3,333,400
10/27/2008	12.31	12.56	11.94	12.06	3,157,600
10/24/2008	12.07	12.85	11.97	12.56	3,749,400
10/23/2008	12.63	13.19	12.20	12.96	5,497,000
10/22/2008	13.21	13.24	12.13	12.58	3,398,600
10/21/2008	13.70	13.78	13.22	13.30	2,749,200
10/20/2008	13.00	13.83	12.93	13.83	2,487,100
10/17/2008	12.60	13.77	12.42	13.09	4,484,600
10/16/2008	11.99	12.92	11.63	12.91	5,408,600
10/15/2008	12.67	12.83	11.94	11.99	3,290,700
10/14/2008	13.10	13.38	12.38	12.93	4,069,500
10/13/2008	12.07	12.67	11.48	12.62	2,878,300
10/10/2008	10.97	11.96	10.51	11.55	6,728,500
10/9/2008	13.08	13.24	12.28	12.28	5,313,700
10/8/2008	13.00	13.47	12.70	13.09	5,201,700
10/7/2008	14.35	14.47	13.26	13.26	3,447,900
10/6/2008	14.69	14.95	13.42	14.12	3,854,300
10/3/2008	15.07	15.59	14.76	14.81	3,570,200
10/2/2008	14.64	15.00	14.50	14.85	2,660,700
10/1/2008	14.72	15.07	14.62	14.84	3,051,000
9/30/2008	14.38	14.80	14.03	14.76	4,406,600
9/29/2008	15.18	15.20	14.00	14.19	3,626,200
9/26/2008	15.00	15.36	14.98	15.24	2,560,100
9/25/2008	15.07	15.42	15.02	15.16	2,651,500
9/24/2008	14.98	15.10	14.76	14.98	2,097,100
9/23/2008	15.27	15.38	14.81	14.90	2,994,800
9/22/2008	15.62	15.66	15.19	15.26	2,599,200
9/19/2008	15.48	16.22	14.95	15.59	4,686,800
9/18/2008	15.30	15.45	14.76	15.31	9,097,300
9/17/2008	16.19	16.19	15.18	15.19	7,568,300
9/16/2008	16.10	16.39	15.44	16.32	3,467,500

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Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
9/15/2008	16.40	16.56	16.10	16.11	2,387,700
9/12/2008	16.21	16.71	16.13	16.61	1,572,100
9/11/2008	16.00	16.32	15.90	16.30	2,268,900
9/10/2008	16.19	16.29	15.99	16.17	2,103,300
9/9/2008	16.19	16.35	16.06	16.14	2,401,900
9/8/2008	16.11	16.27	15.65	16.26	4,025,600
9/5/2008	16.17	16.35	15.76	15.91	2,078,500
9/4/2008	16.30	16.42	16.18	16.26	1,713,900
9/3/2008	16.42	16.55	16.28	16.40	1,133,600
9/2/2008	16.51	16.75	16.38	16.47	1,417,400
8/29/2008	16.71	16.76	16.48	16.48	1,322,300
8/28/2008	16.68	16.74	16.52	16.73	1,463,400
8/27/2008	16.52	16.66	16.51	16.63	1,242,500
8/26/2008	16.46	16.64	16.42	16.48	1,681,900
8/25/2008	16.62	16.67	16.39	16.48	1,413,000
8/22/2008	16.61	16.76	16.61	16.66	1,041,200
8/21/2008	16.64	16.71	16.45	16.64	2,109,000
8/20/2008	16.62	16.68	16.46	16.64	1,707,600
8/19/2008	16.60	16.73	16.50	16.67	2,666,300
8/18/2008	16.59	16.74	16.56	16.68	1,523,700
8/15/2008	16.50	16.61	16.43	16.56	3,390,600
8/14/2008	16.72	16.81	16.42	16.51	2,782,400
8/13/2008	16.90	17.06	16.77	16.90	1,472,000
8/12/2008	17.17	17.17	16.83	16.91	1,928,600
8/11/2008	16.74	17.21	16.66	17.11	2,683,100
8/8/2008	16.45	16.81	16.42	16.81	1,091,300
8/7/2008	16.81	16.81	16.42	16.45	2,352,900
8/6/2008	16.91	17.13	16.78	16.89	2,314,800
8/5/2008	16.84	17.07	16.25	16.93	2,815,400
8/4/2008	16.65	16.86	16.61	16.72	1,624,800
8/1/2008	17.14	17.22	16.75	16.75	1,605,900
7/31/2008	17.09	17.24	16.99	17.08	2,543,100
7/30/2008	17.02	17.16	16.74	17.11	2,178,200
7/29/2008	16.83	17.00	16.62	16.98	1,323,200

Columbus Gas of Kentucky Inc.
Case No. 2013-00167
Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
7/28/2008	16.92	17.03	16.80	16.91	1,462,900
7/25/2008	17.21	17.23	16.87	16.93	1,437,500
7/24/2008	17.26	17.36	16.99	17.11	1,533,800
7/23/2008	17.58	17.72	17.15	17.22	2,266,000
7/22/2008	17.20	17.63	17.20	17.59	1,375,400
7/21/2008	17.28	17.42	17.16	17.34	1,775,200
7/18/2008	16.96	17.48	16.96	17.18	2,608,200
7/17/2008	17.14	17.22	16.90	17.12	2,800,000
7/16/2008	17.35	17.41	17.00	17.09	1,999,800
7/15/2008	17.26	17.49	17.22	17.33	2,390,000
7/14/2008	17.88	17.88	17.44	17.49	1,784,000
7/11/2008	17.84	17.98	17.50	17.74	2,501,100
7/10/2008	17.96	18.07	17.77	17.92	2,532,900
7/9/2008	17.96	18.20	17.87	18.06	2,269,600
7/8/2008	17.57	18.06	17.55	18.01	2,428,200
7/7/2008	17.71	17.92	17.50	17.62	2,277,600
7/3/2008	18.27	18.33	17.65	17.71	2,343,200
7/2/2008	18.19	18.45	18.15	18.26	2,822,000
7/1/2008	17.63	18.34	17.63	18.21	4,365,900
6/30/2008	17.79	18.06	17.44	17.92	3,974,500
6/27/2008	17.60	17.75	17.52	17.62	5,305,800
6/26/2008	17.53	17.67	17.45	17.63	4,397,800
6/25/2008	17.46	17.67	17.42	17.57	2,087,900
6/24/2008	17.46	17.50	17.32	17.41	1,761,800
6/23/2008	17.34	17.56	17.27	17.40	1,554,900
6/20/2008	17.79	17.79	17.19	17.25	3,440,000
6/19/2008	17.11	17.43	17.09	17.41	2,557,900
6/18/2008	17.20	17.38	17.11	17.15	2,128,100
6/17/2008	17.36	17.38	17.28	17.29	1,889,300
6/16/2008	17.21	17.33	17.09	17.31	1,673,400
6/13/2008	17.17	17.39	17.12	17.29	2,001,100
6/12/2008	17.21	17.30	17.07	17.15	2,081,700
6/11/2008	17.37	17.52	17.19	17.21	2,449,300
6/10/2008	17.31	17.55	17.23	17.52	1,637,200

Columbus Gas of Kentucky Inc.
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Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
6/9/2008	17.30	17.52	17.24	17.43	1,863,300
6/6/2008	17.71	17.78	17.21	17.21	2,697,300
6/5/2008	17.72	17.88	17.62	17.82	1,538,600
6/4/2008	17.65	17.90	17.64	17.74	2,148,700
6/3/2008	18.04	18.05	17.63	17.74	1,655,300
6/2/2008	17.98	18.07	17.78	17.93	2,040,100
5/30/2008	18.02	18.16	17.89	18.09	2,420,700
5/29/2008	17.85	18.25	17.79	18.04	2,201,100
5/28/2008	17.84	18.05	17.79	17.87	7,831,900
5/27/2008	17.59	17.80	17.59	17.76	3,457,600
5/23/2008	18.02	18.07	17.60	17.65	4,250,000
5/22/2008	18.00	18.20	17.97	18.16	3,353,100
5/21/2008	18.23	18.46	17.99	18.00	2,473,200
5/20/2008	18.25	18.50	18.11	18.17	2,229,900
5/19/2008	18.13	18.33	18.10	18.27	1,363,300
5/16/2008	18.21	18.21	18.04	18.16	1,659,700
5/15/2008	18.08	18.16	17.98	18.08	1,540,800
5/14/2008	17.95	18.23	17.86	18.12	1,551,100
5/13/2008	18.02	18.16	17.86	17.94	1,931,000
5/12/2008	17.82	18.04	17.75	18.01	1,295,700
5/9/2008	17.70	17.90	17.55	17.81	1,568,600
5/8/2008	17.77	17.87	17.56	17.75	1,930,500
5/7/2008	17.98	18.07	17.58	17.61	1,596,800
5/6/2008	17.77	17.98	17.62	17.94	1,874,400
5/5/2008	17.95	18.05	17.71	17.82	1,907,000
5/2/2008	18.50	18.50	17.88	17.95	3,834,300
5/1/2008	17.89	18.33	17.89	18.33	1,852,800
4/30/2008	18.12	18.26	17.88	17.90	1,738,800
4/29/2008	18.21	18.30	18.13	18.15	1,572,300
4/28/2008	18.32	18.34	18.17	18.20	1,631,500
4/25/2008	18.60	18.80	18.32	18.40	1,815,000
4/24/2008	18.53	18.74	18.33	18.55	1,926,200
4/23/2008	18.40	18.61	18.33	18.48	12,171,200
4/22/2008	18.20	18.44	18.20	18.30	1,321,700

Columbus Gas of Kentucky Inc.
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Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
4/21/2008	18.47	18.51	18.26	18.37	1,755,600
4/18/2008	18.42	18.56	18.29	18.53	2,371,400
4/17/2008	18.18	18.34	18.13	18.26	1,314,100
4/16/2008	17.94	18.23	17.78	18.21	1,906,100
4/15/2008	17.64	17.87	17.58	17.82	1,466,100
4/14/2008	17.67	17.70	17.53	17.61	2,384,500
4/11/2008	17.55	17.72	17.51	17.60	1,949,500
4/10/2008	17.85	17.89	17.54	17.66	2,242,300
4/9/2008	17.60	17.85	17.60	17.75	1,489,300
4/8/2008	17.68	17.90	17.67	17.76	1,867,800
4/7/2008	17.78	17.97	17.73	17.77	1,732,400
4/4/2008	18.06	18.12	17.74	17.78	1,878,000
4/3/2008	17.96	18.15	17.88	17.93	1,539,000
4/2/2008	17.91	18.25	17.80	18.03	1,923,100
4/1/2008	17.40	17.86	17.30	17.83	2,976,300
3/31/2008	17.08	17.27	16.98	17.24	2,232,400
3/28/2008	17.29	17.39	16.96	17.02	1,902,600
3/27/2008	17.51	17.59	17.22	17.24	1,533,500
3/26/2008	17.39	17.56	17.35	17.41	1,135,300
3/25/2008	17.48	17.62	17.36	17.45	1,174,100
3/24/2008	17.60	17.62	17.32	17.41	1,340,500
3/20/2008	17.33	17.61	17.17	17.49	1,999,700
3/19/2008	17.59	17.87	17.32	17.32	2,032,500
3/18/2008	17.46	17.56	17.23	17.54	2,096,500
3/17/2008	16.80	17.31	16.80	17.22	2,706,900
3/14/2008	17.57	17.57	16.95	17.18	3,087,400
3/13/2008	17.33	17.56	17.12	17.48	2,195,100
3/12/2008	17.60	17.84	17.42	17.45	1,898,900
3/11/2008	17.37	17.62	17.22	17.60	2,333,000
3/10/2008	17.24	17.43	17.12	17.18	1,837,000
3/7/2008	17.12	17.37	17.01	17.28	2,124,100
3/6/2008	17.76	17.76	17.24	17.25	2,220,100
3/5/2008	18.01	18.01	17.52	17.76	2,526,000
3/4/2008	17.38	17.87	17.33	17.85	3,160,900

Columbus Gas of Kentucky Inc.
Case No. 2013-00167
Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
3/3/2008	17.19	17.52	17.11	17.52	2,501,900
2/29/2008	17.63	17.74	17.12	17.19	2,396,000
2/28/2008	17.98	18.04	17.67	17.81	1,279,200
2/27/2008	18.27	18.32	17.97	18.01	1,595,500
2/26/2008	18.03	18.32	18.00	18.28	1,869,800
2/25/2008	18.00	18.14	17.85	18.13	1,823,200
2/22/2008	17.95	17.98	17.63	17.96	2,013,700
2/21/2008	18.41	18.41	17.84	17.87	1,679,400
2/20/2008	18.15	18.37	17.97	18.28	2,651,300
2/19/2008	18.31	18.44	18.07	18.16	3,800,600
2/15/2008	18.16	18.16	17.84	18.09	1,774,200
2/14/2008	18.44	18.73	18.09	18.14	2,113,000
2/13/2008	18.62	18.76	18.40	18.47	1,510,300
2/12/2008	18.51	18.67	18.33	18.52	1,821,800
2/11/2008	18.50	18.62	18.30	18.38	1,619,700
2/8/2008	18.53	18.75	18.49	18.57	1,488,700
2/7/2008	18.89	18.93	18.55	18.70	2,314,600
2/6/2008	19.06	19.27	18.86	18.89	1,938,500
2/5/2008	19.39	19.66	18.83	18.86	2,008,000
2/4/2008	19.18	19.82	19.09	19.70	2,440,600
2/1/2008	18.96	19.25	18.77	19.14	2,512,900
1/31/2008	18.26	19.17	18.08	18.95	3,387,700
1/30/2008	18.73	18.97	18.40	18.51	2,587,200
1/29/2008	18.07	18.64	18.03	18.61	3,286,900
1/28/2008	18.08	18.40	17.93	18.18	3,477,500
1/25/2008	18.47	18.61	17.86	17.97	3,847,300
1/24/2008	18.61	18.74	18.29	18.34	3,659,300
1/23/2008	17.03	18.65	16.82	18.61	4,452,900
1/22/2008	17.25	17.58	16.78	17.51	3,560,500
1/18/2008	18.25	18.39	17.67	17.74	3,123,700
1/17/2008	18.55	18.62	18.19	18.22	2,632,100
1/16/2008	18.78	18.99	18.61	18.61	2,660,500
1/15/2008	19.09	19.16	18.76	18.79	3,243,700
1/14/2008	19.27	19.36	19.10	19.16	2,977,300

Columbus Gas of Kentucky Inc.
Case No. 2013-00167

Stock Market Prices
For the 5 Year Period Ended December 31, 2012

Date (1)	Open (2)	High (3)	Low (4)	Close (5)	Volume (6)
1/11/2008	18.94	19.41	18.91	19.24	1,594,900
1/10/2008	18.98	19.22	18.86	19.09	2,310,900
1/9/2008	18.92	19.15	18.71	19.15	1,775,100
1/8/2008	19.10	19.27	18.86	18.86	2,432,900
1/7/2008	18.70	19.15	18.69	19.04	1,976,700
1/4/2008	18.87	18.93	18.62	18.62	1,415,900
1/3/2008	18.90	19.09	18.84	18.88	1,395,400
1/2/2008	18.72	19.22	18.70	18.88	2,059,400

Columbus Gas of Kentucky Inc.
Case No. 2013-00167
Stock Dividends
For the 5 Year Period Ended December 31, 2012

Declared	Ex-Date	Record	Payable	Amount	Dividends
(1)	(2)	(3)	(4)	(5)	(6)
14-May-13	29-Jul-13	31-Jul-13	20-Aug-13	0.25	
26-Mar-13	26-Apr-13	30-Apr-13	20-May-13	0.24	
25-Jan-13	31-Jan-13	4-Feb-13	20-Feb-13	0.24	
Total dividends in 2013:					0.73
28-Aug-12	29-Oct-12	31-Oct-12	20-Nov-12	0.24	
15-May-12	27-Jul-12	31-Jul-12	20-Aug-12	0.24	
27-Mar-12	26-Apr-12	30-Apr-12	18-May-12	0.23	
27-Jan-12	2-Feb-12	6-Feb-12	20-Feb-12	0.23	
Total dividends in 2012:					0.94
23-Aug-11	27-Oct-11	31-Oct-11	18-Nov-11	0.23	
10-May-11	27-Jul-11	29-Jul-11	19-Aug-11	0.23	
22-Mar-11	27-Apr-11	29-Apr-11	20-May-11	0.23	
19-Jan-11	27-Jan-11	31-Jan-11	18-Feb-11	0.23	
Total dividends in 2011:					0.92
24-Aug-10	27-Oct-10	29-Oct-10	19-Nov-10	0.23	
11-May-10	28-Jul-10	30-Jul-10	20-Aug-10	0.23	
23-Mar-10	28-Apr-10	30-Apr-10	20-May-10	0.23	
19-Jan-10	27-Jan-10	29-Jan-10	19-Feb-10	0.23	
Total dividends in 2010:					0.92
26-Aug-09	28-Oct-09	30-Oct-09	20-Nov-09	0.23	
12-May-09	29-Jul-09	31-Jul-09	20-Aug-09	0.23	
24-Mar-09	28-Apr-09	30-Apr-09	20-May-09	0.23	
9-Jan-09	28-Jan-09	30-Jan-09	20-Feb-09	0.23	
Total dividends in 2009:					0.92
26-Aug-08	29-Oct-08	31-Oct-08	20-Nov-08	0.23	
13-May-08	29-Jul-08	31-Jul-08	20-Aug-08	0.23	
25-Mar-08	28-Apr-08	30-Apr-08	20-May-08	0.23	
4-Jan-08	29-Jan-08	31-Jan-08	20-Feb-08	0.23	
Total dividends in 2008:					0.92

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

7. Provide a computation of fixed-charge coverage ratios for the 10 most recent calendar years as shown in Schedule 7.

Response:

The requested data is provided in Attachment A (Pages 1 and 2).

Schedule 7
Page 1 of 2

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Computation of Fixed Charge Coverage Ratios

For the Periods as Shown

Line No.	Item	10th Calendar Year (2003) Sec Method	10th Calendar Year (2003) Bond or Mortgage Indenture Requirement	9th Calendar Year (2004) Sec Method	9th Calendar Year (2004) Bond or Mortgage Indenture Requirement	8th Calendar Year (2005) Sec Method	8th Calendar Year (2005) Bond or Mortgage Indenture Requirement	7th Calendar Year (2006) Sec Method	7th Calendar Year (2006) Bond or Mortgage Indenture Requirement	6th Calendar Year (2007) Sec Method	6th Calendar Year (2007) Bond or Mortgage Indenture Requirement	5th Calendar Year (2008) Sec Method	5th Calendar Year (2008) Bond or Mortgage Indenture Requirement
1	Net Income		$12,386,572		$8,259,894		$7,919,219		$8,453,023		$11,567,405		$10,463,850
2	Additions: (Itemize)												
3	Total Additions												
4	Deductions: (Itemize)												
5	Total Deductions												
6	Income Available for Fixed Charge Coverage		$15,540,922		$11,720,573		$11,603,939		$11,393,122		$15,067,776		$14,226,703
7	Fixed Charges		$3,154,350		$3,460,679		$3,684,720		$2,940,099		$3,500,371		$3,762,853
8	Fixed Charge Coverage Ratio		4.93		3.39		3.15		3.88		4.30		3.78

Schedule 7
Page 2 of 2

Columbia Gas of Kentucky, Inc.

Case No. 2013-00167

Computation of Fixed Charge Coverage Ratios

For the Periods as Shown

Line No.	Item	4th Calendar Year (2009)		3rd Calendar Year (2010)		2nd Calendar Year (2011)		1st Calendar Year (2012)		Latest Quarter (March 2013)	
		Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement	Sec Method	Bond or Mortgage Indenture Requirement
1	Net Income		$8,212,250		$10,690,159		$10,854,259		$8,515,721		$8,317,267
2	Additions: (Itemize)										
3	Total Additions										
4	Deductions: (Itemize)										
5	Total Deductions										
6	Income Available for Fixed Charge Coverage		$12,471,329		$14,933,139		$15,682,935		$13,275,608		$13,118,751
7	Fixed Charges		$4,259,079		$4,242,980		$4,828,676		$4,759,887		$4,801,484
8	Fixed Charge Coverage Ratio		2.93		3.52		3.25		2.79		2.73

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

8. Provide Columbia's internal accounting manuals, directives, and policies and procedures.

Response: Please see below for a complete listing of Columbia's accounting policies and procedures. Please refer to Attachment A to view each policy.

Sub Section : (01) Cash and Investments
- 1.1 - Impairment Testing of Marketable Securities Policy
- 1.2 - Cash Balances Policy
- 1.3 - Restricted Cash Policy

Sub Section : (02) Receivables and Revenues
- 2.1 - Unbilled Policy
- 2.2 - AR Securitization
- 2.3 - Bad Debt Policy and Write-offs
- 2.4 - Miscellaneous Receivables

Sub Section : (03) Inventory and Cost of Sales
- 3.1 - Accounting for Emission Allowances
- 3.2 - Gas in Storage Policy
- 3.3 - Accounting for Coal Inventory and Inventory in Transit
- 3.5 - Over-Under cost recovery
- 3.6 - Policy Natural Gas Exchange Agreements - Parks and Loans

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Jennifer Carr
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 1.1
Subject: Impairment Testing of Marketable Securities

I. INTRODUCTION

This policy provides guidelines for determining potential impairment of NiSource's marketable securities.

II. SCOPE

This policy applies to NiSource, Inc. and any subsidiary that holds available-for-sale or held-to-maturity securities.

III. GAAP GUIDANCE

Per ASC 320, for individual securities classified as available-for-sale or held-to-maturity, an entity shall determine whether a decline in fair value below the amortized cost basis is other-than-temporary. Providing a general allowance for unidentified impairment in a portfolio of securities is not appropriate.

When to Test Marketable Securities for Impairment

Impairment of available-for-sale and held-to-maturity securities shall be assessed in each reporting period. For entities that issue interim financial statements, each interim period is a reporting period.

Determine Whether an Investment is Impaired

The first step of the marketable security impairment test, used to identify potential impairment, compares the fair value of the individual security with its amortized cost at the balance sheet date of the reporting period. If the amortized cost of the security exceeds its fair value, the security is considered to be impaired.

Evaluate Whether an Impairment is Other-Than-Temporary

If it is determined that a security is impaired, the impairment must be evaluated to determine if it is temporary or other-than-temporary. The following are circumstances when an impairment is other-than-temporary:

- It is probable that the entity will be unable to collect all amounts due according to the contractual terms of a debt security not impaired at acquisition
- If the decline in a security's value is due to an increase in market interest rates or a change in foreign exchange rates since acquisition
- If the debt security will be disposed of before it matures or the investment is not realizable
- If the entity more likely than not will be required to sell the security before recovery of its amortized cost basis
- If the present value of cash flows expected to be collected is less than the amortized cost basis of the security (that is, a credit loss exists)

In making its other-than-temporary impairment assessment, an entity shall consider all available information relevant to the collectability of the security, including information about past events, current conditions, and reasonable and supportable forecasts, when developing the estimate of cash flows expected to be collected. That information shall include all of the following:

a. The remaining payment terms of the security
b. Prepayment speeds
c. The financial condition of the issuer(s)
d. Expected defaults
e. The value of any underlying collateral

Recognition of an Other-Than-Temporary Impairment

For equity securities, if it is determined that an impairment is other-than-temporary, an impairment loss shall be recognized in earnings equal to the entire difference between the investment's cost and its fair value at the balance sheet date of the reporting period for which the assessment is made. The measurement of the impairment shall not include partial recoveries after the balance sheet date. The fair value of the investment would then become the new amortized cost basis of the investment and shall not be adjusted for subsequent recoveries in fair value.

For debt securities, if an other-than-temporary impairment has occurred, the amount of the other-than-temporary impairment recognized in earnings depends on whether an entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss.

If an entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the other-than-temporary impairment shall be recognized in earnings equal to the entire difference between the investment's amortized cost basis and its fair value at the balance sheet date.

If an entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized costs basis less any current-period credit loss, the other-than-temporary impairment shall be separated into both of the following:

a. The amount representing the credit loss
b. The amount related to all other factors.

The amount of the total other-than-temporary impairment related to the credit loss shall be recognized in earnings. The amount of the total other-than-temporary impairment related to other factors shall be recognized in other comprehensive income, net of applicable taxes.

The previous amortized cost basis less the other-than-temporary impairment recognized in earnings shall become the new amortized cost basis of the investment. That new amortized cost basis shall not be adjusted for subsequent recoveries in fair value.

Accounting for Debt Securities after an Other-Than-Temporary Impairment

In periods after the recognition of an other-than-temporary impairment loss for debt securities, an entity shall account for the other-than-temporarily impaired debt security as if the debt security had been purchased on the measurement date of the other-than-temporary impairment at an amortized cost basis equal to the previous amortized cost basis less the other-than-temporary impairment recognized in earnings. That is, the discount or reduced premium recorded for the debt security, based on the new cost basis, would be amortized over the remaining life of the debt security in a prospective manner based on the amount and timing of future estimated cash flows. For debt securities for which other-than-temporary impairments were recognized in earnings, the difference between the new amortized cost basis and the cash flows expected to be collected shall be accreted in accordance with existing applicable guidance as interest income. An entity shall continue to estimate the present value of cash flows expected to be collected over the life of the debt security. If upon subsequent evaluation, there is a significant increase in the cash flows expected to be collected or if actual cash flows are significantly greater than cash flows previously expected, such changes shall be accounted for as a prospective adjustment to the accretable yield. Subsequent increases and decreases (if not other-than-temporary impairment) in the fair value of available-for-sale securities shall be included in other comprehensive income.

The other-than-temporary impairment recognized in other comprehensive income for debt securities classified as held-to-maturity shall be accreted over the remaining life of the debt security on the basis of the amount and timing of future estimated cash flows. The accretion shall increase the carrying value of the security and shall continue until the security is sold, the security matures, or there is an additional other-than-temporary impairment that is recognized in earnings.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

NiSource invests in debt and equity securities that are carried at fair value and are designated as available-for-sale and as such, is required to perform an impairment test for these investments in each reporting period.

NiSource will perform the impairment test on all securities in accordance with ASC 320 on a quarterly basis to coincide with the publication of NiSource's quarterly and annual filings. If an other-than-temporary impairment is identified, the amount of the impairment loss will be recognized in operating earnings as it relates to the credit loss while that portion of the loss relating to other factors will be recorded in other comprehensive income, net of applicable taxes.

VI. AUTHORITY AND RESPONSIBILITY

For securities held by NICI the determination and calculation of other-than-temporary impairments is performed by the NICI accountants on a quarterly basis and reviewed by the NiSource VP and Treasurer. Any impairment must be approved by the NiSource Chief Accounting Officer.

For investments related to NiSource executive deferred compensation, the Benefit Plan Investment Manager is responsible for the determination and calculation of other-than-temporary impairments. Any impairment must be approved by the NiSource Chief Accounting Officer.

For investments held by any other segment the impairment analysis will be performed by the segment accountants and reviewed by the respective Segment Controller. Any impairment must be approved by the NiSource Chief Accounting Officer.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: James Leslie
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 1.2
Subject: Accounting for cash, cash equivalents, and restricted cash

I. INTRODUCTION

This policy provides guidelines in determining accounting treatment for cash, cash equivalents, and restricted cash.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

The applicable GAAP Guidance is Codification Reference No. 305-10-20, which includes the following excerpts — "Consistent with common usage, cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents are short-term, highly liquid investments that are both:

a. Readily convertible to known amounts of cash

b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less qualify under that definition.

ASC 305 provides additional guidance regarding maturity dates: "Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months."

ASC 305 states "Examples of items commonly considered to be cash equivalents are Treasury Bills, commercial paper, money market funds, and federal funds sold (for an entity with banking operations)."

OTHER GUIDANCE

ASC 210-10-S99-1, Regulation S-X Rule 5-01.1 states the following regarding cash and cash items. "Separate disclosure shall be made of the cash and cash items which are restricted as to withdrawal or usage. The provisions of any restrictions shall be described in a note to the financial statements. Restrictions may include legally restricted deposits held as compensating balances against short-term borrowing arrangements, contracts entered into with others, or company statements of intention with regard to particular deposits; however, time deposits and short-term certificates of deposit are not generally included in legally restricted deposits. In cases where compensating balance arrangements exist but are not agreements which legally restrict the use of cash amounts shown on the balance sheet, describe in the notes to the financial statements these arrangements and the amount involved, if determinable, for the most recent audited balance sheet required and for any subsequent unaudited balance sheet required in the notes to the financial statement. Compensating balances that are maintained under an agreement to assure future credit availability shall be disclosed in the notes to the financial statements along with the amount and terms of such agreement.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

N/A as there are no regulatory considerations for cash, cash equivalents, or restricted cash balances.

V. NISOURCE APPLICATION

All investments with original maturities of three months or less are considered to be cash equivalents.

Amounts deposited in brokerage accounts for margin requirements are reported as restricted cash. In addition, amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance are classified as restricted cash and disclosed as an investing cash flow on the Statement of Consolidated Cash Flows.

Deposits and withdrawals of principal balances in restricted cash accounts represent the creation or return of investment, which generally should be presented as investing activities in the statement of cash flows. Withdrawals of interest earned on restricted cash balances represent a return on investment, which should be presented as an operating activity in the statement of cash flows.

VI. AUTHORITY AND RESPONSIBILITY

- Restricted cash balances are determined by staff accountants at each segment
- Ultimate approval of the classification is performed by the Segment Controllers

VII. APPENDICES

N/A – as no appendices are needed to support this accounting policy.

NiSource™

Accounting Policy

Issue date:
Prepared by: Doug Loudermilk
Approved by:
Reference No. 1.3
Subject: Accounting for restricted cash

I. INTRODUCTION

This policy provides guidelines in determining accounting treatment for restricted cash.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

The applicable GAAP Guidance for cash and cash equivalents is Codification Reference No. 305-10-20, which includes the following excerpts — "Consistent with common usage, cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

OTHER GUIDANCE

ASC 310-10-45-9 states the following: "For accounting purposes, the term current asset is used to designate cash and other assets or resources commonly identified as those that are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business."

ASC 210-10-45-3 states the following: "A one-year time period should be used to define current assets if there clearly is no defined operating cycle. Deloitte's technical library discusses noncurrent assets at 330-10-05 (Q&A 07). It states that inventory on hand that will not be sold within the company's one year operating cycle, based upon historical monthly sales, should be accounted for as noncurrent assets.

ASC 210-10-S99-1, Regulation S-X Rule 5-02.1 states the following regarding cash and cash items. "Separate disclosure shall be made of the cash and cash items which are restricted as to withdrawal or usage. The provisions of any restrictions shall be described in a note to the financial statements. Restrictions may include legally restricted deposits held as compensating balances against short-term borrowing arrangements, contracts entered into with others, or company statements of intention with regard to particular deposits; however, time deposits and short-term certificates of deposit are not generally included in legally restricted deposits. In cases where compensating balance arrangements exist but are not agreements which legally restrict the use of cash amounts shown on the balance sheet, describe in tbe notes to the financial statements these arrangements and the amount involved, if determinable, for the most recent audited balance sheet required and for any subsequent unaudited balance sheet required in the notes to the financial statement. Compensating balances that are maintained under an agreement to assure future credit availability shall be disclosed in the notes to the financial statements along witb the amount and terms of such agreement.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

N/A as there are no regulatory considerations for restricted cash balances.

V. NISOURCE APPLICATION

Amounts deposited in brokerage accounts for margin requirements are reported as restricted cash.

In addition, amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, group term life and long-term disability insurance are classified as restricted cash and disclosed as an investing cash flow on the Statement of Consolidated Cash Flows.

Restricted cash balances have been deemed to be related to NiSource current operations and have been classified as a current asset.

Codification Reference No. 230-10-45 states: "Deposits and withdrawals of principal balances in restricted cash accounts represent the creation or return of investment, which generally should be presented as investing activities in the statement of cash flows. Withdrawals of interest earned on restricted cash balances represent a return on investment, which should be presented as an operating activity in the statement of cash flows.

VI. AUTHORITY AND RESPONSIBILITY

- Restricted cash balances are recorded by staff accountants at each segment
- Ultimate approval of the classification is performed by the Segment Controllers

VII. APPENDICES

N/A – as no appendices are needed to support this accounting policy.

NiSource™

Accounting Policy

Issue date: 3/31/10
Prepared by: Jeff Eing
Approved by:
Reference No.
Subject: Accounting for Unbilled Revenue

I. INTRODUCTION

This policy provides guidelines in determining accounting treatment for the estimate of revenue that is earned in a given month but not yet billed.

II. SCOPE

This policy applies to Distribution companies that serve customers under cycle billing schedules throughout a month. This policy does not cover unbilled revenue that result from off systems sales transactions such as exchanges. Refer to policy 4.1 Natural Gas Exchange Agreements (Parks & Loans) for more information.

III. GAAP GUIDANCE

ASC 605-20 Revenue Recognition - Services - Recognition — General - General Conditions for Recognition

Revenue from providing services should be recognized when it is both earned and realized or realizable. In other words, the earnings process must be complete or virtually complete, and the revenue measurable.

ASC 605-20 Revenue Recognition – Services - Recognition — General – U.S.: Unbilled Revenues

In certain industries, cycle billing results in services being provided in one period with the billing occurring in a subsequent period. The revenue associated with the services provided in one period and billed in a subsequent period is commonly referred to as unbilled revenues. Revenue should be accrued for these unbilled revenues at the end of the period, provided that the other revenue recognition criteria have been met (see the "20 Services - Recognition — General - General Conditions for Recognition" section of this chapter).

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

None.

V. NISOURCE APPLICATION

It is not practical for the company to read all of its customers meters on one particular day. Consequently, meter readiugs are taken throughout the month resulting in billing cycles that end on different calendar days. In any month, a portion of commodity delivered has not yet been billed. The unbilled revenue is an estimate of the monetary value of commodity delivered to the customer and not hilled as of the end of the month. This number is accrued for in the financial statements.

Development of Unbilled Volumes

Columbia Distribution and NIE
The demand forecasting group prepares the booked estimated unbilled volumes (with the exception of Bay State Gas which uses volumes generated from their customer information system). These volumes are estimated with forecasted billing data and actual weather data. Forecasted billing data is used because the unbilled volume resides in the following month's billing data which are not available.

This estimation of unbilled is an internally consistent view developed with a base load and a temperature sensitive load component. The base load varies with the number of days in the unbilled period and the temperature sensitive load varies with the number of heating or cooling degree days in the unbilled period. The estimates are made by customer class with the amount of volume subject to unbilled determined by the distribution of volume across the billing units. The amount of volume subject to unbilled varies from 100% for residential to 0% for some industrial classes. Unbilled balances are estimates, even when all data are available.

NIE Electric residential and commercial unbilled balances are calculated with regression coefficients applied to actual unbilled days for the base load component and to heating degree days and cooling degree days for the temperature sensitive component. Regression coefficients are used because the unbilled volume resides in the following month's billing data which are not available. Industrial and public authority unbilled balances are calculated as base load only.

Bay State Gas
BSG's unbilled volumes are forecasted within their customer information system. Forecasted billing data is used because the unbilled volume resides in the following month's billing data which are not available.

Development of Unbilled Rates

The rates are developed either using the most current financial plan update or using actual tariff and transportation rates when appropriate. The revenues in the plan include the most recently approved rates and are applied to the most recent rate schedule customer composition. A volumetric rate is developed and a customer charge is applied.

Pricing the Unbilled Volumes and Deferred Unbilled

The volumetric rates referenced above are applied to the current month unbilled volumetric balances and the customer charge is multiplied by the total actual customers. The following entry is booked to record the unbilled revenues and the corresponding receivable:

DR. unbilled revenue accrued
CR. unbilled revenue
To record the total sale to the customer.

Gas Costs
Due to the rates including cost of sales, a deferred unbilled entry must be made. The total unbilled sales volumes are multiplied by the current month over/under cost recovery rate to calculate the deferred unbilled entry. The following entry is booked to record the unbilled gas cost deferred:

DR. unbilled cost of sales
CR. unbilled cost of sales deferred
To record the cost of sale.

In order to verify the correct rate has been used to price the volumes, the most recent rate filing schedule is checked.

Revenue Tracker items and other Revenue Riders
Various riders are included as an addition to base rates. Due to the rates including tracker riders, an O&M unbilled entry must be made. These less material revenues are estimated and booked in accordance to how they will be recorded when billed. The following entry is booked to record the revenue tracker items:

DR. Various Expenses
CR. Regulatory Assets

These entries are booked for the current month and reversed the following month. The previous month's entry is reversed because, in theory, it is included in the billed volumes and revenues. Therefore, no receivable balance can grow beyond what is booked for the current month.

Reasonability Test

Each LDC creates a report each month showing that the unbilled volume balances for each company are within acceptable ranges defined in terms of percent of the following month's billed volume for each company. This report is used by NiSource managers and designated analysts for inclusion in their review process.

VI. AUTHORITY AND RESPONSIBILITY

Distribution & NIE Accounting is responsible for recording the current and reversing the previous month unbilled estimate. This computation is under the authority of the Segment Controller.

Demand Forecasting is responsible for determining the volumes used in calculating the unbilled estimate (with the Exception of Bay State Gas which uses volumes generated from their CIS system).

Financial Planning and Analysis is responsible for providing the rates (when the financial plan is used) used to calculate the unbilled estimate.

VII. APPENDICES

None.

NiSource™

Accounting Policy

Issue date: 3-31-2010
Prepared by: Craig Berberich
Approved by: BU Controllers
Reference No.
Subject: AR Securitization

I. INTRODUCTION

This policy provides guidelines for the accounting associated with accounts receivable securitization programs.

II. SCOPE

This policy applies to NiSource companies that enter into agreements to sell their accounts receivable. Currently, Columbia Gas of Pennsylvania (CPA), Columbia Gas of Ohio (COH) and Northern Indiana Public Service Company (NIPSCO) have all entered into accounts receivable securitization programs.

III. GAAP GUIDANCE

SFAS No. 166 which amends de-recognition guidance in ASC 860 - eliminated the concept of a QSPE, which allowed for off-balance sheet treatment. In addition, it requires interests in receivables transferred to the bank to meet the definition of a participating interest in order to receive off balance sheet treatment. A participating interest is defined in SFAS 166 as a financial asset, or a portion of a financial asset that:
1) Conveys proportionate ownership rights with equal priority to each participating interest holder.
2) Involves no recourse (other than standard representations and warranties) to, or subordination by, any participating interest holder.
3) Does not entitle any participating interest holder to receive cash before any other participating interest holder.

SFAS 166 paragraph 17(g) indicates that for transfers of assets accounted for as secured borrowings a company must disclose:
(1) The carrying amounts and classifications of both assets and liabilities recognized in the transferor's statement of financial position at the end of each period presented, including qualitative information about the relationship(s) between those assets and associated liabilities. For example, if assets are restricted solely to satisfy a specific obligation, the carrying amounts of those assets and associated liabilities, including a description of the nature of restrictions placed on the assets.

ASC 230-10-45-9 discusses net reporting on the cash flow statement. 'Providing that the original maturity of the asset or liability is three months or less, cash receipts and payments pertaining to any of the following qualify for net reporting.'

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

The Accounts Receivable Securitization programs provide NiSource with an alternative source of low cost funding for short-term needs. These programs involve a two step process.

Step 1
In the first step, the NiSource companies referenced above have entered into Receivable Sales Agreements (RSAs) with Bankruptcy Remote Special Purpose Entities (BRSPEs), wholly owned consolidated subsidiaries of those companies, to sell substantially all of their trade accounts receivable as they originate. All accounts receivables sold to commercial paper conduits are valued at fair value, which approximate fair value due to it short-term nature. Receivables excluded from the sale are money pool investments, interest receivable, and foreign cash. Receivables are sold at a discount

which is recorded as revenue for the BRSPEs and as miscellaneous income/loss to the parent companies. The parent companies will remove the AR sold from their books and establish a deferred purchase note receivable from the BRSPE. Interest is recorded monthly based on the deferred note balance at the rate determined in the RSA. The deferred purchase note balance, the discount booked and the interest on the deferred note all eliminate upon consolidation.

RSA's have been entered into between the following companies and their respective BRPSE's: 1. COH and Columbia Gas of Ohio Receivable Corporation (CGORC) 2. CPA and Columbia Gas of Pennsylvania Receivable Corporation (CPRC) and 3. NIPSCO and NIPSCO Accounts Receivable Corporation (NARC).

Step 2

In the second step, the BRSPEs have entered into separate Receivable Purchase Agreements (RPAs) with third party financial institutions under the terms of which it sells an undivided interest percentage ownership interest in its accounts receivables to a commercial paper conduit. Each month, an investor report provided by the third party financial institutions is prepared with details regarding the prior month's receivables balances. The monthly investor report will calculate the bank's required reserves, exclusions and apply the maximum seasonal program limits as stated in the RPA that limit the amount of receivables eligible for transfer to the conduit. The eligible receivables are then transferred dollar for dollar to the conduit therefore no gain or loss is recorded. Funds received by the BRSPE from the conduit will be transferred to the parent company. The portion of AR that is not transferred for reasons stated above will remain on the balance sheet of the BRSPE. These unsold receivables or the difference between AR transferred in step 1 and step 2 will represent the deferred purchase note between the BRSPE and the parent company.

COH, CPA and NIPSCO maintain responsibility for servicing the accounts receivable and remitting cash payments received from customers directly to the third party financial institution. NiSource maintains all risk associated with uncollectible accounts. These agreements are entered into for a period of one year, but can be and typically are renewed if mutually agreed to by both parties. Under these agreements, it is an event of termination if NiSource's debt rating is withdrawn by either Standard and Poor's or Moody's or falls below agreed upon ratings.

Financial Statement treatment

As NiSource is selling an interest in a portion of receivables, under SFAS 166 the interests issued by the BRSPE to the third party must meet the definition of a participating interest in order to qualify for off balance sheet treatment. One of the criteria is that the transfer involves "no recourse to, or subordination by, any participating interest holder." In the companies' agreements, the percentage interest in the receivables held by the third party financial institutions increases if any receivables are deemed uncollectible. Also, upon an amortization event, the third party financial institution would receive 100% of collections until paid in full. Additionally as noted in the contracts the deferred purchase price is subordinated to the Senior Obligations. Essentially the risk of loss for the receivables is never transferred from NiSource to the third party financial institutions. As such, the definition of a participating interest is not met and therefore the transfers do not qualify for de-recognition treatment under SFAS 166.

NiSource's A/R securitization agreements do not qualify for de-recognition treatment beginning January 1, 2010, the effective date of SFAS 166. Beginning January 1, 2010, the securitization agreements are accounted for as secured borrowings. Therefore the full receivables balance will remain on the BRSPE's balance sheet. Outstanding accounts receivable transfers are recorded as debt on the consolidated balance sheet. Third party financial institution fees relating to the securitization agreements will be recorded as interest expense on the consolidated income statement. The Cash flow statement will show cash from/for financing activities based on the change in debt balance. The receipt/payment of cash occurs in the middle of the month based on the prior month's eligible receivables balance as calculated on the monthly bank investor report. In addition, the operating sections of the cash flow statements will include the change in customer accounts receivable.

VI. AUTHORITY AND RESPONSIBILITY

Subsidiaries are responsible for recording the accounting entries related to the AR securitization programs and preparing the monthly investor bank reports that determine the amount of AR eligible for transfer to the third party financial institutions.

Treasury is responsible for reviewing the monthly investor bank reports, communicating any changes related to amendments or renewal of the program agreements and handling any transfer of funds.

Subsidiary Accounting & Financial Reporting is responsible for presentation and disclosure in the financial statements. Presentation and disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

NiSource™

Accounting Policy Guide

Issue date: 03/30/2010
Prepared by: Doug Loudermilk
Approved by: BU Controllers
Reference No.
Subject: Bad-Debt Reserve and Write-off of Accounts Receivable and Gas Imbalances

I. INTRODUCTION

This document provides guidelines for recording bad-debt expense and write-off of accounts receivable. The objective is to ensure timely and accurate recording of bad-debt expense in the period in which the accounts receivable can be reasonably determined as uncollectible. Bad-debts are to be reviewed and recorded on a regular basis.

II. SCOPE

This policy applies to all NiSource subsidiaries.

III. GAAP GUIDANCE

ASC 450-20-25-1 states when loss contingencies exist, the likelihood that the future event or events will confirm the loss or impairment of an asset or the incurrence of a liability can range from probable to remote.

ASC 450-20-25-2 states an estimated loss from a loss contingency shall be accrued by a charge to income if (a) information available prior to issuance of the financial statements indicates that it is probable that an asset has been impaired at the date of the financial statements and (b) the amount of the loss can be reasonably estimated.

ASC 450-20-25-5 states when the conditions in the preceding paragraph are met and information is available to indicate that the estimated amount of loss is within a range of amounts, it follows that some amount of loss has occurred and can be reasonably estimated.

ASC 450-20-30-1 states when no amount within the range of a loss is a better estimate than any other amount, the minimum amount in the range shall be accrued.

ASC 310-10-35-9 states losses from uncollectible receivables shall be accrued when both of the conditions stated in ASC 450-22-25-2 are met. Those conditions may be considered in relation to individual receivables or in relation to groups of similar types of receivables. If the conditions are met, accrual shall be made even though the particular receivables that are uncollectible may not be identifiable.

ASC 310-10-35-10 states factors determining whether the amount of loss can be reasonably estimated will normally depend on the experience of the entity, information about the ability of individual debtors to pay, and current economic environment. If the entity has no experience of its own, reference to the experience of other entities in the same business may be appropriate.

IV. NISOURCE APPLICATION

Nisource generally charges off customer balances and establishes any necessary reserves based upon the following general categories of customers. Specific rules may vary for NiSource subsidiaries based on the jurisdictions in which they operate.

Small Customers. For small customer accounts, generally balances are charged off based on the number of days outstanding from their initial billing date as defined in the tariffs. Reserves are established based on anticipated charge-offs utilizing historical and projected data.

Large Customers. NiSource addresses the necessary reserve of large customers individually and charges off balances accordingly. Large customer aged balances are reviewed monthly on a case by case basis as part of a collaborative effort to determine the collectability of their receivable balance and subsequently if any or all of that balance needs reserved or charged off. The review may include but is not limited to, Business Unit Accounting, Revenue Recovery, Credit Risk Management, and Meter to Cash.

Non-traditional Customers. NiSource addresses certain customers classes (i.e. protected customers, EP&S services) individually based on the type of category to which they belong. Necessary reserves are determined based on historical experience for each category separately.

Gas Imbalances with Customers. NiSource's Gas Transmission and Storage subsidiaries enter into balancing and exchange arrangements of natural gas as part of their operations. NiSource records a receivable or payable for their respective cumulative gas imbalances. These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable", as appropriate. NiSource addresses the necessary reserve of gas imbalances individually and charges off balances accordingly. These balances are reviewed monthly on a case by case basis as part of a collaborative effort to determine the collectability of their receivable balance and subsequently if any or all of that balance needs reserved or charged off. The review may include but is not limited to, Business Unit Accounting, Revenue Recovery, Credit Risk Management, and Meter to Cash. This determination would require NiSource to purchase gas in the quantity that was reserved or charged off based upon the quantity of gas that was delivered to the customer in excess of their contracted deliveries.

V. REGULATORY CONSIDERATIONS (ASC 980)

Bad Debt costs of NiSource business units are significant, recurring in nature, and generally outside the control of the business units. Some regulatory bodies allow the recovery of such costs through cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the business units to recover costs appropriately. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanism..

Certain business units have recovery mechanisms (trackers) in place as approved by their regulator. Each mechanism is unique to the business unit, therefore the accounting may differ. Some of the distinctive differences in the mechanisms include:

- The component of the accounts receivable that is eligible to be deferred for future recovery, i.e. some business units only defer the gas portion of a customer's bill for recovery via the tracking mechanism, while some allow for deferral of all hilling components
- The timing of recovery via a revenue rider and filings for adjustment to the rider
- The type of customer to which the revenue rider applies

Any uncollectible expense included in a tracking mechanism is deferred on the balance sheet in a regulatory asset for future recovery via a revenue rider. When the revenue is collected through customer bills, the associated uncollectible expense (bad-debt tracker) is recognized subsequently reducing the regulatory asset. The uncollectible expense is offset 100% by the revenue collected from the customer via the rider.

The regulatory asset is to be classified as current/long term based on the timing of the future collections and is reviewed quarterly.

Business units without tracking mechanisms in place recover uncollectible expense through base rate proceedings and are not guaranteed 100% recovery as with any cost of service item included in base rates.

VI. AUTHORITY AND RESPONSIBILITY

Monitoring bad debt varies by business unit. Within Nisource, the groups that work to keep apprised of any counterparty/customer related collection issues include but are not limited to Business Unit Accounting, Revenue Recovery & Credit Risk Management. In the case of outstanding collection issues, these groups may collaborate to recommend continuity of service and/or any specific payment provisions. On a periodic basis as determined by the business unit,these groups analyze and interpret outstanding receivable balances to determine the appropriate credit reserves necessary for all counterparties/customers.

Based upon collaborative efforts of all interested parties, the Segment Controllers obtain approval from the Chief Accounting Officer to record the appropriate reserve balances.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date:
Prepared by: Jim Leslie
Approved by: BU Contorllers
Reference No.
Subject: Accounting for Other Receivables

I. INTRODUCTION

This policy provides guidelines for accounting for other receivables.

II. SCOPE

This policy applies to all NiSource companies and includes general guidelines related to initial recognition and measurement, subsequent valuation, and presentation of other accounts receivables.

III. GAAP GUIDANCE

Initial Recognition and Measurement

Receivables are claims held against customers and others for money, goods or services.

Valuation

ASC310-10-35-7 provides guidance regarding potential losses from uncollectable receivables stating "the conditions under which receivables exist usually involve some degree of uncertainty about their collectibility, in which case a contingency exists". ASC310-10-35-8 "requires recognition of a loss when both of the following conditions are met:

a) Information available before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25) indicates that it is probable that an asset has been impaired at the date of the financial statements.

b) The amount of the loss can be reasonably estimated.

ASC310-35-9 further states "Those conditions may be considered in relation to individual receivables or in relation to groups of similar types of receivables. If the conditions are met, accrual shall be made even though the particular receivables that are uncollectihle may not be identifiable.

Presentation of Accounts Receivable

ASC210-45-3 states "a one-year time period shall be used as a basis for the segregation of current assets". All other receivables that will not be collected within a one-year time period should be classified as non-current.

Disclosure

ASC310-10-50-4 states "The allowance for credit losses, the allowance for doubtful accounts, and, as applicable, any unearned income, any unamortized premiums and discounts, and any net unamortized deferred fees and costs, shall be disclosed in the financial statements".

IV. REGULATORY CONSIDERATIONS

Not applicable

V. NISOURCE APPLICATION

NiSource

Accounting Policy
Issue date:
Prepared by: Jim Leslie
Approved by: BU Contorllers
Reference No.
Subject: Accounting for Other Receivables

Other receivables represent non-trade receivables. Current other receivables are included in the accounts receivable line of the consolidated financial statements. All other receivables are evaluated for collectability and recorded at net realizable value. The allowance for other receivables is aggregated with the allowance for trade receivables for disclosure purposes.

VI. AUTHORITY AND RESPONSIBILITY

The Accounting group is responsible for determining the qualification and classification of receivables on the balance sheet under the authority of the Segment controller.

The Financial Reporting group is responsible for presentation and disclosure in the financial statements. Presentation and disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

None

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: James Leslie
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 3.1
Subject: Accounting for emission allowances

I. INTRODUCTION

The Environmental Protection Agency (EPA) issues rights (allowances) to participating entities to emit a specified level of pollutants at no cost. Each individual emission allowance (EA) has a vintage year designation (i.e., the year the allowance may be used). EAs with the same vintage year designation are fungible and can be used by any party to satisfy pollution control obligations for emissions from any source within the governing bodies' associated control area during the vintage year or, potentially, subsequent years (i.e., many emission allowance programs permit carry-forward to subsequent years). EAs are generally granted several years in advance. For example, sulfur dioxide allowances in the United States have already been allocated and delivered to participating entities for the next 30 years.

Entities can choose to buy EAs from, and sell EAs to, other entities, which is typically initiated through a broker. Entities can also enter into nonmonetary exchanges of EAs of one vintage for EAs of another vintage — commonly referred to as vintage year swaps. At the end of a compliance period, participating entities are required to either (1) deliver to the governing bodies emission allowances sufficient to offset the entity's actual emissions or (2) pay a fine.

NIPSCO is issued EAs for certain SO2 and NOx emissions to be emitted without penalty, such as those produced from NIPSCO electric generation operations. This policy provides guidelines in determining the accounting treatment for emission allowances.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

Because of the current lack of definitive GAAP guidance, there is diversity in practice regarding accounting for EAs. The FASB has added to its agenda a project to provide comprehensive guidance for participants related to EA accounting.

OTHER GUIDANCE

Discussions with the staffs of the FASB and the SEC have indicated that two methods of accounting for EAs are acceptable: (1) an inventory model and (2) an intangible asset model. Although both are permitted, the intangible asset model is preferable. The FASB has added a project to its agenda to address the accounting for EAs. This project could result in a change in accounting under either currently accepted model.

Until the FASB issues additional guidance, entities should choose one method and apply it consistently for a given category of EA. For example, an entity could hold two categories of EAs, "held for use" and "held for sale," each with its own accounting method. However, within a category, the method must be consistently applied.

Certain accounting implications of the two methods are summarized below.

Intangible Asset Model

- Recognize full gain on sale of EAs to a third party (in the absence of an ASC 980, Regulated Operations, requirement to defer gains as a regulatory liability).

- Use fair value basis for vintage year swaps if the swap transaction has commercial substance (e.g., a swap of the same vintage EAs would likely not have commercial substance).

- Amortize as consumed in operating income.

- Classify cash inflows and outflows from sales and purchases of EAs as investing activities in the statement of cash flows.

- Evaluate impairment under ASC360, Property, Plant and Equipment.

- Follow intangible asset disclosure requirements in ASC 350, Intangibles – Goodwill and Other.

Inventory Model

- Recognize full gain on sale of EAs to a third party (in the absence of an ASC 980 requirement to defer gains as a regulatory liability).

- Use carryover basis on vintage year swaps (based on inventory exchange guidance in ASC 845-10-25-4, Accounting for Purchase and Sales of Inventory with the Same Counterparty.

- Expense as consumed in operating income (i.e., in cost of sales or similar classification to other consumed inventory expense).

- Classify cash inflows and outflows from sales and purchases of EAs as operating activities in the statement of cash flows.

- Evaluate carrying value under the lower of cost or market approach pursuant to ASC 330, Inventory.

The accounting implications discussed above do not specify tbe initial recognition entry for allocated EAs. In many cap and trade programs, including those currently active in the United States, EAs are allocated free of charge to participating entities. NiSource records EAs at zero cost (as opposed to fair value at grant date). Entities primarily base this zero cost accounting on Federal Energy Regulatory Commission (FERC) guidance for emission allowances. In the absence of U.S. GAAP, entities sometimes refer to the guidance in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, which provides accounting guidance similar to that of the FERC.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

As the EPA issues EAs to NIPSCO's generating plants, which are part of NIPSCO's rate base, any gain on the sale of an EA to a third party should be passed back to regulated rate paying customers. Regulated rate paying customers should also be credited for the fair value of EAs in the event that excess power that was generated through the utilization of EAs is sold to non-regulated customers through off-system sales. Such amounts are deferred as regulated liabilities and passed back to rate paying customers through the Fuel Adjustment Clause. The sale of other allowances, not used due to investments made by NiSource in pollution control assets and services, are reflected in earnings in the period in which they occur

V. NISOURCE APPLICATION

Northern Indiana has obtained SO2 and NOx emission allowances from the EPA based upon its electric generation operations that the utility may sell, trade or hold for future use. Northern Indiana utilizes the inventory model in accounting for these emissions allowances, whereby these allowances are recognized at zero cost upon receipt from the EPA. Proceeds received from the annual EPA auction of emission allowances and through the utilization of allowances in the generation of power for off-system sales are deferred as regulatory liabilities.

VI. AUTHORITY AND RESPONSIBILITY

- Preparation – Journal entries are prepared by NIE staff accountants
- Review – Entries prepared by the NIE staff accountants are reviewed by the NIE Accounting Manager
- Approval – Entries are approved by the NIE Controller

VII. APPENDICES

N/A – as no appendices are needed to support this accounting policy.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Jeff Eing
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 3.2
Subject: Gas in Storage

I. INTRODUCTION

This policy provides guidelines for computing, presenting, and disclosing gas inventory

II. SCOPE

This policy applies to any NiSource, Inc. subsidiary that accounts for Gas in Storage inventories.

III. GAAP GUIDANCE

Accounting Standards Codification (ASC) 330-10 paragraph 30-1 defines the basis of accounting for inventories as cost, which is "the price paid or consideration given to acquire an asset". ASC 330-10-30-9, states cost for inventory purposes may be determined under any one of several assumptions as to the flow of cost factors, such as first-in first-out (FIFO), average, and last-in first-out (LIFO). The cost to be matched against revenue from a sale may not be the identified cost of the specific item which is sold, especially in cases in which similar goods are purchased at different times and at different prices. Accordingly, if the materials purchased in various lots are identical and interchangeable, the use of identified cost of the various lots may not produce the most useful financial statements. [ARB 43, paragraph Ch. 4 Par. 6, sequence 175.1.2]][This fact has resulted in the general acceptance of several assumptions with respect to the flow of cost factors such as FIFO, average, and LIFO to provide practical bases for tbe measurement of periodic income. While the basis of stating inventories does not affect the overall gain or loss on the ultimate disposition of inventory items, any inconsistency in the selection or employment of a basis may improperly affect the periodic amounts of income or loss. The basis of stating inventories shall be consistently applied and shall be disclosed in the financial statements; whenever a significant change is made therein, there shall be disclosure of the nature of the change and, if material, the effect on income. [ARB 43, paragraph Ch. 4 Statement 8, sequence 191]][

ASC 330-10-S50-1 governs inventory disclosure requirements. It refers to paragraph 210-10-S99-1, Regulation S-X Rules 5-02.6(b) through (d), for inventory disclosure requirements. [SX 210.5–02, paragraph 6(b), sequence 19].

ASC 330-10-S50-2 refers to paragraph 330-10-S99-3, Staff Accounting Bulletin (SAB) Topic 11.F, for SEC Staff views on disclosure of income realized as a result of a last-in, first-out (LIFO) liquidation. [SAB TOPIC 11.F, paragraph Facts, sequence 12]

Paragraph 330-10-S99-1, SAB Topic 5.L, for SEC Staff provides views on appropriate last-in, first-out (LIFO) accounting practices. This section includes selected SEC and SEC Staff content for reference by public companies. The following is an excerpt of the text of SAB Topic 5.L, LIFO Inventory Practices:

- In the absence of existing authoritative literature on LIFO accounting, the staff believes that registrants and their independent accountants should look to the paper for guidance in determining what constitutes acceptable LIFO accounting practice. In this connection, the staff considers the paper to be an accumulation of existing acceptable LIFO accounting practices which does not establish any new standards and does not diverge from GAAP. [SAB TOPIC 5.L, paragraph Q1 Response, sequence 97]]

ASC 270-10 The following is the text of ASC topic Interim Reporting on LIFO Inventory Determinations (U.S. GAAP)

- The last-in, first-out (LIFO) method of inventory valuation is an annual concept. When a LIFO liquidation occurs at an interim date and the inventory is expected to be replaced by year-end, interim financial statements should not give effect to the LIFO liquidation. Instead, cost of sales should reflect the expected replacement costs of the liquidated inventory. The following two techniques for applying the LIFO method to interim periods are acceptable:

1. Apply the LIFO method at the end of each interim period but defer, as part of the inventory carrying amount, the effects of temporary decrements expected to be replaced by year-end, increments expected to be disposed of prior to year-end (when annual increments are priced at LIFO cost), and, desirably, changes in mix that will be eliminated by year-end.

2. Allocate the estimated annual change in the LIFO reserve (the excess of current cost of the inventory over the LIFO valuation) to interim periods on a systematic basis, such as cost of sales, sales, or quantities sold.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

The Federal Energy Regulatory Commission provides a uniform system of accounts and accounting guidance on how to account for Gas Stored Underground – Non-current (Acct 117). Gas stored during the year shall be priced at cost according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities shall not be included in the inventory gas except as may be authorized or directed by the Commission. Withdrawals of gas must be priced using the first-in-first-out, last-in-first-out, or weighted average cost method, provided the method adopted by the utility is used consistently from year to year and appropriate inventory records are maintained. This account shall be credited with an amount equal to that debited to account 164.1 Gas Stored Underground – Current to classify for balance sheet purposes such portion of the total inventory of gas stored underground as constitutes a current asset according to conventional rules for classification of current assets. Approval of the Commission must be obtained for any other pricing method, or change in the pricing method adopted by the utility.

State Commissions impact how storage should be accounted for. Dollars and volumes to be used in the calculation of average costs should be consistent with each operating company's rate policy.

V. NISOURCE APPLICATION

Natural Gas Inventory

LIFO Method

Certain NiSource distribution companies use Annualized LIFO for valuation of gas in storage inventory as authorized or directed by their Commission. On an annual basis (calendar year January through December) – any year with a net injection will create a new LIFO layer valued at a WACOG (weighted average cost of gas) rate from the current year gas purchase activity. Any year with net withdrawals will deplete the inventory balances starting with the most recently created layer – continuing into as many layers as needed.

A one pool of gas concept is utilized – meaning no distinction is made for storage fields or agreements when valuing gas in storage. The net injection/withdrawal for all storage fields combined determines whether the distribution company has a new layer. The LIFO layers created reflect the combined storage activity and do not reflect to specific storage fields/agreements.

The WACOG rate calculation also assumes a one pool concept. All gas purchased in the year and the associated expenses are included in the WACOG calculation (some adjustments have been made for special in-place storage agreements – but these are one time exceptions). The cost of the gas injected/withdrawn is valued based on estimates or actual cumulative fiscal year average cost with the rates adjusted periodically if based on estimates. When the rates are adjusted – entries are made to adjust the year-to-date activity (injections & withdrawals) to reflect the new rates. Actual rates are determined during the December closing for all companies and the value for the gas injected and withdrawn is adjusted to reflect the final rate.

It is not unusual to encounter a liquidation of a current year's inventory layer during an interim reporting period. If the inventory is expected to be replaced by the end of the year, the operating company should re-price its storage asset account (164) at the applicable LIFO layer rate any time it is in a volumetric net withdrawal for the current year's layer. The temporary offset is charged to one of two accounts (misc current asset or current liability). The account charged will depend on whether the current replacement cost is greater or less than the LIFO carrying cost. When the inventory is replenished the temporary account is removed and the gas acquired is placed back into inventory at its original LIFO cost.

Weighted Average Method

Other NiSource distribution companies use weighted average cost of gas method for valuation of gas in storage inventory as authorized or directed by their Commission. Under the weighted average cost of gas method, storage injections are priced at the current month weighted average cost of gas and storage withdrawals are priced at the total weighted average cost of the inventory after pricing out and injections for the current month.

Liquefied Natural Gas Inventory

The Federal Energy Regulatory Commission provides a uniform system of accounts and accounting guidance on how to account for Liquefied Natural Gas Stored – 164.2. Natural Gas purchased in a liquefied form shall be priced at the cost of such gas to the utility. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities shall not be included in the inventory gas except as may be authorized or directed by the Commission.

Other Gas Inventories (Propane)

The Federal Energy Regulatory Commission provides a uniform system of accounts and accounting guidance on how to account for Fuel Stock (Propane) – 151. This account shall include book cost of fuel on hand. Propane inventory is accounted for under the weighted average cost of gas method, storage injections are priced at the current month weighted average cost of gas and storage withdrawals are priced at the total weighted average cost of the inventory after pricing out and injections for the current month.

Disclosures

NiSource discloses in its Notes to Consolidated Financial Statements within its 10-K SEC annual report the accounting for natural gas using both the LIFO and weighted average methodologies. The balances of each method are disclosed as well as the replacement cost of the LIFO inventory.

VI. AUTHORITY AND RESPONSIBILITY

Distribution Accounting is responsible for computing the cost of sales associated with Gas inventory balances. This computation is under the authority of the Segment Controller.

Financial Reporting is responsible for Presentation and Disclosure in the financial statements. Presentation and Disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

Any change to LIFO must be discussed with the VP of Tax.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Derric J. Isensee
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 3.3
Subject: Accounting for Coal Inventory and Inventory in Transit

I. INTRODUCTION

Northern Indiana generates, transmits and distributes electricity to approximately 457 thousand customers in 20 counties in the northern part of Indiana. In conjunction with these operations, Northern Indiana currently has the ability to operate three coal-fired generating stations (Bailly, R.M. Schahfer, and Michigan City) consisting of a net capability of 2,574 mw.

The purpose of this accounting policy is to provide guidelines in determining the appropriate accounting treatment for coal inventory costs relating to these operations. This policy will also discuss the regulatory treatment applicable to these costs.

II. SCOPE

This policy applies to all NIPSCO – Electric Operations

III. GAAP GUIDANCE

The applicable GAAP guidance is as follows:

Codification Reference No. 330-30-1 which states, "The primary basis of accounting for inventories is cost, which has been defined generally as the price paid or consideration given to acquire an asset. As applied to inventories, cost means in principle the sum of the applicable expenditures and charges directly or indirectly incurred in bringing an article to its existing condition and location."

Codification Reference No. 330-30-9 which states, "Cost for inventory purposes may be determined under any one of several assumptions as to the flow of cost factors, such as first-in first-out (FIFO), average, and last-in first-out (LIFO). The major objective in selecting a method should be to choose the one which, under the circumstances, most clearly reflects periodic income."

Codification Reference No. 330-35-1 which states, "A departure from the cost basis of pricing the inventory is required when the utility of the goods is no longer as great as their cost. Where there is evidence that the utility of goods, in their disposal in the ordinary course of business, will be less than cost, whether due to physical deterioration, obsolescence, changes in price levels, or other causes, the difference shall be recognized as a loss of the current period. This is generally accomplished by stating such goods at a lower level commonly designated as market.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

All metered electric rates contain a provision for adjustment to reflect increases and decreases in the cost of fuel stock through operation of a Fuel Adjustment Clause ("FAC") as allowed by the Indiana Utility Regulatory Commission ("IURC"). As prescribed by order of the IURC, the adjustment factor has been calculated based on the estimated cost of fuel and purchase power in a future three-month period. If two statutory requirements relating to expense and return levels are satisfied, any under-recovery or over-recovery caused by the variances between the estimated and actual costs in a given three-month period are recorded as adjustments to revenue and will be included in a future filing. As consistent with ASC 980-405-25-1, the amount of over/under recovery is recorded by Northern Indiana as a regulatory asset or liability until such time as it is billed or refunded to its customers.

V. NISOURCE APPLICATION

The cost for coal inventory is priced at a weighted average. All coal inventories are segregated on location in multiple piles based on the quality and type of coal. A weighted average price is calculated for each pile in order to determine tbe pricing of next burned volume as will be reflected in cost of sales on the income statement. This weighted average price is calculated based on four components: commodity costs, transportation costs, unit train costs and fuel handling costs.

- **Commodity Costs** represent the cost of coal, which is recorded at the invoice price of fuel less any cash or other discounts. Northern Indiana takes title and assumes liability for all fuel at the point the fuel is loaded into the unit train at the mine. See Appendix A for details regarding the fuel procurement process.

- **Transportation Costs** include rental fees to third parties for use of their railways and transportation equipment used to transport fuel from the point of acquisition to the unloading point. Northern Indiana has entered into certain transportation agreements with multiple railway carriers. Transportation costs are recorded in inventory as these costs are incurred.

- **Unit Train Costs also** include lease costs of transportation equipment used to transport fuel from the point of acquisition to the unloading point. Northern Indiana has entered into a number of unit train lease agreements. Because unit train costs result from lease agreements, these costs are incurred evenly throughout the year, while coal deliveries vary throughout the year based upon seasonal needs. As such, Northern Indiana performs an expense clearing process in order to appropriately match up unit train expenses with the period in which the coal is received. These costs include unit train lease costs, insurance costs, depreciation costs relating to unit train cars owned by Northern Indiana, and certain maintenance costs. These costs are recorded into a balance sheet clearing account when incurred and then are methodically cleared out to inventory as fuel stock is received in order to match the costs with the receipt of fuel. These costs are then included in the weighted average cost of fuel and expensed when fuel is burned.

- **Fuel Handing Costs** include the cost of labor and supplies used and expenses incurred in unloading fuel from the unit train and handling the coal prior to its use. Charges consist of equipment depreciation, labor, material and supplies, and maintenance expenses and are also included in the volumetric weighted average calculation and expensed as volumes are burned. These costs are tracked separately and are not recoverable through the FAC mechanism.

As discussed above, commodity, transportation and unit train costs are generally recoverable through the FAC as allowed by the IURC. As such, the related inventories are generally free from any risk of obsolescence as the associated costs will generally be recovered with an approximately normal profit upon sale in the ordinary course of business.

Also, once a year an inventory observation (via flyover) is performed by a third-party specialist in order to determine the need for an adjustment to inventory for any possible variances between book and actual volumes. These flyovers are performed on all material coal piles. Northern Indiana will obtain approval from the IURC in instances where a volumetric adjustment is necessary to align the volumes per the books with the actual volumes observe within a five percent threshold. This annual process serves as a control to prevent material volumetric book to actual differences that may arise throughout the course of the company's operating cycle.

VI. AUTHORITY AND RESPONSIBILITY

The NIE Segment Controller is responsible for this accounting policy.

VII. APPENDICES

See attached appendix.

Appendix A

Commodity Procurement Procedures

Northern Indiana procures the majority of its fuel stock supply through firm contractual arrangements (usually 3-5 years) with major coal suppliers. The company also enters into certain spot agreements (1 year or less) to meet additional requirements in excess of their firm contracts. These agreements are entered into through a formal bidding process with multiple suppliers in order to obtain the most prudently priced coal which will be recovered through rate paying customers as discussed above. Prices are evaluated based on the delivered cost of coal meeting the coal quality parameters required by each generating station. Contained in each coal and transportation supply agreement is force majeure language that allows Northern Indiana to procure alternative sources of coal if a supply interruption of a predetermined length would occur.

NiSource™

Accounting Policy

Issue date:
Prepared by: Jeff Eing
Approved by:
Reference No.
Subject: Over/Under cost recovery (gas & electric)

I. INTRODUCTION

This policy provides guidelines in determining the accounting treatment for the recognition of a regulatory asset or liability, specifically related to the deferral of purchased costs or the recovery of costs, driven by the sale of a commodity (gas or electricity).

A net position of costs recovered are less than costs incurred in a given time period is referred to as an under-collection, while a net position of costs being recovered in excess of costs incurred in a given time period is referred to as over-collection.

An under-collection represents the need to collect amounts from customers, thus a regulatory asset is established. An over-collection represents the need to refund amounts to customers, thus a regulatory liability is established.

II. SCOPE

Over/Under cost recovery applies to NiSource business units whose customers purchase a commodity for which the business unit is not permitted to make any profit on the commodity. These business units are commonly referred to as Distribution companies.

The regulatory Asset/Liability treatment of over/under costs are addressed in ASC 980 – Regulated Operations, which applies to general-purpose external financial statements of an enterprise that has regulated operations that meet all of the following criteria:

1. The enterprise's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
2. The regulated rates are designed to recover the specific enterprise's costs of providing the regulated services or products.
3. In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

III. GAAP GUIDANCE

ASC 980 – Regulated Operations provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. As defined in the glossary of the Accounting Standards Codification, probable is defined as "that which can be expected or believed on the basis of available evidence or logic but is neither certain nor proved." For a number of reasons, revenues intended to cover some costs are provided either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, this Statement requires companies to capitalize those costs. If current recovery is provided for costs that are expected to be incurred in the future, this Statement requires companies to recognize those current receipts as liabilities.

NiSource™
Accounting Policy

Issue date:
Prepared by: Jeff Eing
Approved by:
Reference No.
Subject: Over/Under cost recovery (gas & electric)

IV. **REGULATORY CONSIDERATIONS**

The Federal Energy Regulatory Commission provides a uniform system of accounts in order to give direction to regulated entities regarding the accounting for certain utility business activities.

Gas Distribution

FERC provides a uniform system of accounts and accounting guidance on how to account for Unrecovered Purchase Gas Costs (Acct 191). By FERC definition:

> This account shall include purchase gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedule on file with the Commission. This account shall also include such other costs as authorized by the Commission. This account shall be debited or credited, as appropriate, each month for increases or decreases in purchased gas cost with contra entries to Account 805.1, Purchased Gas Cost Adjustments, so that the balance accumulated over a succeeding 6-month period or such other periods that the Commission may have authorized. Any over or under applied debits or credits to this account shall be carried forward to the succeeding period of amortization.

Electric Distribution

NiSource electric distribution records all over/under collections on the balance sheet to "Customer Accounts Receivable. (Acct 142) as the electric chart of accounts does not have a separately identified account to record such activities. As described, "This account shall include amounts due from customers for utility service, and for merchandising, jobbing and contract work". This account is appropriate as over and under collections are generated through normal utility service activities and are expected to be recovered from customers in a future period.

Electric distribution records the income statement effect of the current period over/under collection to "Other Electric Revenues" (Acct 456). As described, "This account shall include revenues derived from electric operations not includible in any of the foregoing accounts". This account is appropriate as the FERC chart of accounts does not have a separately identified account for fuel adjustment clause revenues/expenses.

Each state jurisdiction (commission) regulates the business unit purchase gas/fuel adjustment recovery rates. The timing of the filing supporting these recovery rates varies by jurisdiction, usually monthly or quarterly. The filing includes Unrecovered Purchase Gas/Fuel Costs at that point in time and the rates are set to subsequently recover those costs.

V. **NISOURCE APPLICATION**

Electric Distribution

All metered electric rates contain a provision for adjustment to reflect increases and decreases in the cost of fuel and the fuel cost of purchased power through operation of a FAC. As prescribed by order of the regulatory commission applicable to metered retail rates, the adjustment factor has been calculated based on the estimated cost of fuel and the fuel cost of purchased power in a future three-month period. If two statutory requirements relating to expense and return levels are satisfied, any under-recovery or over-recovery caused by variances between estimated and actual costs in a given three-month period are recorded as adjustments to revenue and will be included in a future FAC filing, provided that the *purchased power benchmark has not been exceeded. Northern Indiana records any under-recovery or over-recovery as a current regulatory asset or liability until such time as it is billed or refunded to its customers. The fuel adjustment factor is subject to a quarterly review by the regulatory commission and remains in effect for a three-month period.

Gas Distribution
All of NiSource's Gas Distribution companies defer the differences between allowable gas purchase costs and the recovery of such costs in revenues, and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

NiSource Gas Distribution Companies recognize a cost of sale component in each customer's monthly bill. This component represents the current purchase gas cost adjustment rate applicable for each given customer. Any additional gas cost expense, purchased with the intent to sell, is deferred on the balance sheet as an asset in the gas cost adjustment, which is to be filed for recovery in a future purchase gas cost adjustment rate filing. In the event the gas cost adjustment rate results in a recovery greater then the current gas purchase costs, the difference is recognized on the balance sheet as a liability in the gas cost adjustment account.

Additional regulatory commission approved items (besides direct cost of gas) may be included in the gas cost adjustment account may include (but are not limited to):

- Pass back of regulatory incentives derived from regulatory revenue sharing programs
- Pass back or recovery of fees and gains or losses from price risk trading programs

VI. AUTHORITY AND RESPONSIBILITY

The Accounting group is responsible for calculating the monthly over/under cost recovery. The Accounting group is responsible for determining the qualification and classification of regulatory assets and liabilities on the balance sheet under the authority of the Segment controller.

The Regulatory Accounting group is responsible for the filing of gas cost recovery rates and the implementation of those rates.

The Financial Reporting group is responsible for presentation and disclosure in the financial statements. Presentation and disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

**purchased power benchmark - As part of a settlement agreement which resolved issues surrounding purchased power costs, Northern Indiana implemented a new "benchmarking standard," that became effective in October 2007, which defines the price above which purchased power costs must be absorbed by Northern Indiana and are not permitted to be passed on to ratepayers. The benchmark is based upon the costs of power generated by a hypothetical natural gas fired unit using gas purchased and delivered to Northern Indiana and a set sharing mechanism. The agreement also contemplated Northern Indiana adding generating capacity to its existing portfolio by providing for the benchmark to be adjusted as new capacity is added. The dispatch of Sugar Creek into MISO on December 1, 2008 triggered a change in the benchmark, whereby the first 500 mw tier of the benchmark provision was eliminated.*

NiSource™

Accounting Policy

Issue date: 10/22/09 Revised August 2010
Prepared by: Craig Berberich, with documentation from Angela Camp, NIPSCO, Pipeline & Distribution Accounting
Approved by:
Reference No. 4.1
Subject: Natural Gas Exchange Agreements

I. INTRODUCTION

This policy provides guidelines in determining accounting treatment for various natural gas exchange agreements. These agreements include services for parking and lending (PAL), gas imbalances and Operational Balancing Agreements (OBAs).

II. SCOPE

This policy applies to NiSource business units that enter into natural gas exchange agreements.

III. GAAP GUIDANCE

A. Fees: Revenue Recognition

ASC 605-10-S99

Based on these guidelines, revenue should not be recognized until it is realized or realizable and earned. Statement of Financial Accounting Concepts No. 5, paragraph 83(b) states that "an entity's revenue-earning activities involve delivering or producing goods, rendering services, or other activities that constitute its ongoing major or central operations, and revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues" [footnote reference omitted]. Paragraph 84(a) continues "the two conditions (being realized or realizable and being earned) are usually met by the time product or merchandise is delivered or services are rendered to customers, and revenues from manufacturing and selling activities and gains and losses from sales of other assets are commonly recognized at time of sale (usually meaning delivery)" [footnote reference omitted]. In addition, paragraph 84(d) states that "If services are rendered or rights to use assets extend continuously over time (for example, interest or rent), reliable measures based on contractual prices established in advance are commonly available, and revenues may be recognized as earned as time passes."

FN4 Concepts Statement 5, Revenue Recognition in Financial Statements includes as one of the conditions for revenue recognition that "Delivery has occurred or services have been rendered.

B. Value of Gas

ASC 845-10-30-1

In general, the accounting for nonmonetary transactions should be based on the fair values of the assets (or services) involved, which is the same basis as that used in monetary transactions. Thus, the cost of a nonmonetary asset acquired in exchange for another nonmonetary asset is the fair value of the asset surrendered to obtain it, and a gain or loss shall be recognized on the exchange. The fair value of the asset received shall be used to measure the cost if it is more clearly evident than the fair value of the asset surrendered. Similarly, a nonmonetary asset received in a nonreciprocal transfer shall be recorded at the fair value of the asset received.

IV. FERC GUIDANCE

The Code of Federal Regulations, Chapter 18, Subchapter F, part 201 provides relevant accounting guidance on natural gas exchanges when defining FERC accounts; 174, 242 & 806. FERC Account 174 Misc accrued assets, paragraph B states "the utility is to include in a separate subaccount amounts receivable for gas where gas is delivered to another party in exchange transactions." Similarly, FERC Account 242, Misc accrued liabilities states the same for accounts payable. As an offset to these accounts, FERC Account 806 Exchange gas states "This account includes debits or credits for the cost of gas where gas is received from or delivered to another party in exchange transactions."

V. REGULATORY CONSIDERATIONS (ASC 980)

The treatment of revenues generated from these types of transactions vary by operating company with some sharing the margins with customers depending on rules set forth by the individual state commissions. These agreements are subject to renegotiation after a certain period of time and can change periodically. The value of gas exchanged is considered part of system supply and is therefore included in the over/under calculation.

VI. NISOURCE APPLICATION

NiSource's Gas Transmission and Storage and Gas Distribution Operations subsidiaries enter into balancing and exchange arrangements of natural gas as part of their operations and off-system sales programs. NiSource records a receivable or payable for their respective cumulative gas imbalances and for any gas inventory borrowed or lent under an exchange agreement. These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on NiSource's Consolidated Balance Sheets, as appropriate.

PALs

Exchange transactions are firm and generally involve the delivery of gas to a customer during time frame A, and the customer delivery of equivalent volumes to NiSource during time frame B or vice versa.

Exchanges can be:
1. Time predicated: generally involves the delivery of gas to a customer during time frame A, and the customer delivery of equivalent volumes to our company during time frame B.
2. Location related where a customer takes delivery of gas at point A while our company takes delivery of an equal amount of gas at point B.
3. A combination where time exchanges and location exchanges are merged into one product.

An exchange in which NiSource delivers gas first is often referred to as a loan while an exchange in which NiSource receives gas first is often referred to as a park. In a pure exchange involving time, the location of the deliveries takes place at the same point. However, time exchanges and location exchanges can be merged into one product that exchanges time and location.

1. Distribution companies

For Exchanges spanning more than one month, the company will record a receivable or payable for the gas borrowed or lent under the exchange agreement. Title to the gas transfers during these arrangements. These receivables and payables are recorded as "Exchange gas receivahle" or "Exchange gas payable" on the company's Balance Sheet. In establishing the asset or liability, the value of the gas exchanged must be determined. Exchange gas is valued based on individual regulatory jurisdiction requirements (e.g. WACOG, Historical Spot).

The assigned dollar value of the gas will be recorded as a receivable for gas that is loaned (delivered) and a payable for gas that is parked (received) with the contra entries recorded to an exchange gas account. These gas costs are either from or for system supply and therefore will be included in the companies' deferred gas cost calculation. The value of the exchanged gas is fixed and is not marked to market. These entries will be reversed upon completion of the exchange agreement which occurs when the gas is either received or delivered in satisfaction of the amounts receivable or deliverable.

Exchanges can both begin and end within the same day or within the same accounting period. For exchanges that complete within the same accounting period there is no need to price out the value of gas or record any receivable or payable.

Exchange Fees (Revenues): Certain companies may charge an exchange fee for providing this service regardless of whether they receive or give gas. Revenue from exchange transactions is recognized ratably over the period but not billed until the exchange is completed. Revenues are recorded as Accrued Utility Revenue until billed. This occurs when the party giving the gas has had an equal volume of gas returned.

2. Transmission and Storage companies
Exchange balances related to PAL transactions are not recorded on the GAAP-basis balance sheet, Transactions of this type are under consignment accounting and are only disclosed if material. For FERC accounting, a receivable or payable is established for the gas borrowed or lent under the PAL agreement with an offsetting entry to Exchange Gas. In establishing the asset or liability, the value of the gas is determined by multiplying the volumes by the spot market prices. These entries will be reversed upon completion of the PAL, which occurs when the gas is either received or delivered in satisfaction of the amounts receivable or deliverable.

Fees (Revenues): NGT&S companies typically charge a fee for providing PAL services. The fee is market driven at the time the parties enter into the agreement. Fees are billed up front and the revenue is deferred into the months to which the agreement applies. Tariff restrictions limit the maximum monthly rate that can be billed.

Imbalances

1. Distribution companies
End-User Bank Imbalances: When cumulative End-User deliveries are more than their cumulative usage, a liability is recorded to reflect the current value1 of the gas owed to the End-User. When cumulative End-User deliveries are less than their cumulative usage, an asset is recorded to reflect the current value of the gas owed by the End-User. End-User imbalances are evaluated and revalued monthly.

Pipeline Imbalances: When cumulative pipeline deliveries are more than the cumulative amounts put in the line on behalf of the distribution company, a liability is recorded to reflect the current value of the gas owed to the pipeline. When cumulative pipeline deliveries are less than the cumulative amounts put in the line on behalf of the distribution company, an asset is recorded to reflect the current value of the gas owed by the pipeline. End-User imbalances are evaluated and revalued monthly. Pipeline imbalances are relatively small due to provisions such as Operational Balancing Agreements (OBA's), pipeline monthly and daily balancing requirements, storage balancing and cash out provisions.

Gas imbalances are valued and cashed out based on individual regulatory jurisdiction requirements (e.g. Spot at beginning of month, Historical Spot – average of each day at month-end, etc.).

2. Transmission and Storage companies
NGT&S enters into Operational Balancing Agreements (OBA's) with major pipelines and exchange agreements where gas is exchanged (traded) at two different locations or pipelines. Fees are typically

not charged for these transactions therefore there is no revenue to record. Shipper imbalances and OBAs where the company is owed gas, the company records a receivable. Where the company owes gas, liabilities are recorded for both GAAP and FERC accounting.

Gas imbalances are valued and cashed out based on individual regulatory jurisdiction requirements (e.g. Spot at beginning of month, Historical Spot – average of each day at month-end, etc.).

VII. AUTHORITY AND RESPONSIBILITY

Segment Accounting will work with Energy Supply Services and Regulatory Accounting to verify that exchange related revenues have been recorded properly based on the sharing mechanisms approved by the individual state commissions if applicable.

Segment Accounting will work with Energy Supply Services and Regulatory Accounting to obtain the proper rates to ensure exchange gas is properly valued as an asset or liability if applicable.

Segment level controllers are responsible for reviewing and approving exchange agreement accounting procedures for individual business units within each Segment.

VIII. APPENDICES

Not Applicable.

NiSource

Accounting Policy

Issue date: January 22, 2010
Prepared by: Matt Harris/Don Watkins
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 5.1
Subject: Allowance for Funds Used During Construction (AFUDC)

I. INTRODUCTION

This policy provides guidelines in accounting for the Allowance for Funds Used during Construction (AFUDC) for NiSource's regulated companies under U.S. Generally Accepted Accounting Principles.

II. SCOPE

This policy applies to all of NiSource's regulated business units.

III. GAAP GUIDANCE

The following is the relevant guidance relating to the Allowance for Funds Used during Construction:

ASC 980-835-25-1

In some cases, a regulator requires an entity subject to its authority to capitalize, as part of the cost of plant and equipment, the cost of financing construction as financed partially by borrowings and partially by equity. This cost of financing construction is referred to as an allowance for funds used during construction.

ASC 980-835-30-1

If a regulator requires an entity to capitalize certain costs as discussed in paragraph 980-835-25-1, a computed interest cost and a designated cost of equity funds are capitalized, and net income for the current period is increased by a corresponding amount. In such cases, the amounts capitalized for rate-making purposes as part of the cost of acquiring the assets shall be capitalized for financial reporting purposes instead of the amount of interest that would be capitalized in accordance with Subtopic 835-20. Those amounts shall be capitalized only if their subsequent inclusion in allowable costs for rate-making purposes is probable.

ASC 980-835-45-1

The income statement shall include an item of other income, a reduction of interest expense, or both, in a manner that indicates the basis for the amount of construction financing cost capitalized as required by paragraph 980-835-25-1.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

The Allowance for Funds Used during Construction is governed by ASC 980 and is not relevant for non-regulated entities. The guidance in ASC 980 is designed so that the costs for the construction of assets that are capitalized for rate-making purposes are identical to those capitalized for financial reporting purposes. As such, there are no additional regulatory considerations related to this topic.

V. NISOURCE APPLICATION

Development of the AFUDC Rate

The rate computation for AFUDC is calculated in accordance with the Code of Federal Regulations (CFR), Title 18, Gas (Electric) Plant Instruction Number 3, Sub-section 17 (Appendix A). Financial Reporting will calculate a NiSource group AFUDC rate to be utilized by the majority of NiSource's subsidiaries. The NiSource group rate will be based on an aggregate of NiSource's regulated subsidiaries' average Construction Work in Progress (CWIP) compared to short-term (ST) borrowings of NiSource on a monthly basis and on an aggregate annual basis. The AFUDC average borrowing rate is a result of the monthly average ST borrowings compared to the monthly average CWIP where ST borrowings are considered on a monthly basis for meeting the utilities average monthly CWIP. For calculating the cost of other funds used for construction, the long-term (LT) debt rate is based on NiSource's weighted average cost of LT debt and the cost of equity is based on the regulated subsidiaries' last approved return on equity rate weighted for their relative capitalization with all of tbe other NiSource regulated subsidiaries.

Certain subsidiaries will not use the NiSource group rate due to specific regulatory rulings. The rates to be used by these subsidiaries are also provided in the Controller's Letter issued by Financial Reporting.

Time Period of AFUDC Computation
AFUDC is applied to eligible capital projects from the month of first expenditure to the month the project is placed in service and/or ready for service.

Calculation and Application of AFUDC

Regular AFUDC
AFUDC charges for eligible projects will be calculated and applied to open work orders utilizing a monthly AFUDC rate. In order to simplify the calculation NiSource assumes expenditures made during the first month of a project and during the month in which a project is placed in service and/or deemed ready for service are made on the 15th of the month. As such NiSource will calculate one-half month of AFUDC related to these expenditures. For an example of an AFUDC calculation for a single project see Appendix C. This simplified methodology is not expected to generate an AFUDC amount materially different from that required by GAAP.

AFUDC for Short-term Projects
Certain projects are of a recurring nature and generally are completed over a short period of time (i.e. within one month). AFUDC related to eligible projects of this nature is calculated at one-half month times the monthly AFUDC amount. This simplified methodology is not expected to generate an AFUDC amount materially different from that required by GAAP.

AFUDC on Projects with Customer Advances for Construction
Projects for which NiSource has received a Customer Advance for Construction will only receive an AFUDC charge on the net amount over and above the advance. For example, if the incurred costs for a project are $100,000 and NiSource receives an advance of $70,000, AFUDC will only be calculated on the net amount of $30,000.

No AFUDC
There are certain blanket work orders where AFUDC is not applied. Examples include: Automotive transportation equipment, general tools, office furniture and equipment, and the original cost of any purchased facility. In addition, AFUDC should not be applied to any work or purchase order until payment has actually been made.

Compound AFUDC
ASC 980 allows for AFUDC to be accounted for in accordance with the rules set out by the regulatory body in a given jurisdiction. NiSource's subsidiaries, therefore, will compound AFUDC in accordance with the regulations in place in their respective jurisdictions. Note that compounding is generally appropriate for projects spanning long periods of time (i.e. in excess of six months) but each Segment Controller is ultimately responsible for the appropriate application of the required accounting as it applies to compound AFUDC in his/her particular jurisdiction.

VI. AUTHORITY AND RESPONSIBILITY
The Financial Reporting Department will calculate the AFUDC rate using the methodology described above and notify the segments via a Controller's Letter (Appendix B). The FERC rules require the rate to be calculated at fiscal year end. NiSource's Financial Reporting Department performs this calculation and provides the rate to the segments via a Controller's Letter. In addition to performing the mandated calculation at year-end NiSource's Financial Reporting Department also performs the

calculation on an interim basis twice annually. A new Controller's letter is issued at an interim period for any significant change in rates. If a rate changes at an interim period the new rate is applied to all work orders associated with projects that have not yet been brought to completion.

The Controller's Letter will be approved by the Chief Accounting Officer prior to distribution to the segments.

Using the AFUDC rate provided by Financial Reporting, each segment will calculate AFUDC for eligible projects as described above and as seen in the example in Appendix C.

VII. APPENDICES

Appendix A - *Code of Federal Regulations (CFR), Title 18, Electric (Gas) Plant Instruction Number 3, Sub-section 17*

Appendix B – *Example AFUDC Controller's Letter*

Appendix C – *Example Calculation of AFUDC Related to a Specific Project*

Code of Federal Regulations (CFR), Title 18, Electric (Gas) Plant Instruction Number 3, Sub-section 17

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in (a) of this subparagraph. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$A_1 = s(S/W) + d(D/D+P+C)(1-S/W)$

$A_e = [1-S/W][p(P/D+P+C) + c(C/D+P+C)]$

A_1 = Gross allowance for borrowed funds used during construction rate.
A_e = Allowance for other funds used during construction rate.
S = Average short-term debt.
s = Short-term debt interest rate.
D = Long-term debt.
d = Long-term debt interest rate.
P = Preferred stock.
p = Preferred stock cost rate.
C = Common equity.
c = Common equity cost rate.
W = Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication, less asset retirement costs related to plant under construction.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in Section 35.13 of the Commission's Regulations Under the Federal Power Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdictions. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment, and fabrication shall be estimated for the current year with appropriate adjustments as actual data becomes available.

Note: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation or ready for service, shall be treated as *Electric, Gas or Common Plant in Service* and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

Appendix B

NiSource
Delivering life's essential resources

June 16, 2009
No. 2009-24

From: J. Grossman

To:	R. Kriner	M. Hershberger	W. Telzerow	S. Taylor	G. Bane
CC:	K. Blissmer	L. Ford	R. Harper	J. O'Brien	J. Shikany
	C. Delany	K. Fritts	M. Holland	L. Olson	J. Siegle
	T. Dillinger	L. Francisco	K. Johnson	T. Pemberton	T. Stanton
	B. Douce	J. Gambone	L. Koh	R. Plantz	M. Tapp
	D. Djokic	J. Gore	P. LaCroix	E. Postma	K. Townsend
	B. Elliot	R. Grzywana	D. Loudermilk	S. Rippy	B. Vangen
	G. Fisher	T. Harmon	P. Newman	A. Romero	J. Wood
					A. Zientara

Re: **Bay State, Columbia and NIPSCO 2009 Allowance for Funds Used During Construction (AFUDC) Borrowed and Equity Rates**

Listed below are the revised AFUDC rates to be used for 2009 shown alongside the rates last published in the December 22, 2008 Controller's letter.

	2008 Using 12 Months Ended November 30, 2008			2009 Using 12 Months Ended May 31, 2009		
	Borrowed	Equity	Total	Borrowed	Equity	Total
	(A/C 700310000)	(A/C 703124000)		(A/C 700310000)	(A/C 703124000)	
NiSource	3.72%	0.07%	3.79%	2.79%	0.88%	3.67% (1)
NIPSCO	3.02%	2.78%	5.80%	2.58%	2.58%	5.16% (1)
BSG	3.68%	-	3.68%	2.44%	-	2.44% (1)
CMD			9.75%			9.75% (2)
CGV	3.508%	5.648%	9.156%	3.508%	5.648%	9.156% (3)

(1) It will be necessary to record a cumulative adjustment from January 1, 2009 in order to reflect the changes for the AFUDC rate changes shown above. These AFUDC rates have decreased due to a decrease in the short-term interest rates.

(2) The Columbia Gas of Maryland (CMD) AFUDC rate of 9.75% remained unchanged because its rate was negotiated in previous rate filing settlement.

(3) The Columbia Gas of Virginia (CGV) is allowed AFUDC of 9.156% for natural gas facility placed into service on or after July 1, 2008, per "Treatment of AFUDC Pursuant to Virginia Code Section 56-235.9," used to determine rates in CGV's most recent rate case. Calculation for borrowed and equity AFUDC rates provided by Robert Horner, Mgr., Regulatory Policy.

Attached are schedules showing the computation of the 2009 AFUDC rates.

If you have any questions regarding the AFUDC calculations, please contact Matt Harris at (219) 647-6520 or Kevin Blissmer at (219) 647-5690.

Appendix C

ASSUME:
(a) the following charges to a work order:

Month of Expenditure	$ Expenditure
January	1,000
February	15,000
March	8,000
April	2,000
May	0

(b) work order is placed in service in April

(c) AFUDC Rate - Full Month 1%, Half-month .5%

AFUDC Calculation:

	Calculation	AFUDC Amount	Explanation
January AFUDC	$1,000 X .5%	$5	One-half month AFUDC for current month expenditures
February AFUDC	($1,000 X 1%) + ($15,000 X .5%)	$85	Full AFUDC for prior months expenditures plus one-half month AFUDC for current month expenditures
March Expenditure AFUDC	($16,000 X 1%) + ($8,000 X .5%)	$200	Full AFUDC for prior months expenditures plus one-half month AFUDC for current month expenditures
April Expenditure AFUDC	($26,000 X .5%)	$130	One-half month AFUDC for entire project expenditures in month placed in-service
Total Project AFUDC		**$420**	

NiSource™

Accounting Policy
Issue date: January 22, 2010
Prepared by: James Leslie
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 5.2
Subject: Accounting for asset sales

I. INTRODUCTION

This policy provides guidelines for accounting for the sale or retirement of rate-regulated utility plant.

II. SCOPE

This policy applies to sale or retirement of Utility Plant for all of NiSource's rate-regulated subsidiaries.

III. GAAP GUIDANCE

ASC 360, Property, Plant and Equipment, 35-2 "addresses the concept of depreciation accounting and the various factors to consider in selecting the related periods and methods to be used in such accounting." Paragraph 35-3 states "depreciation expense in financial statements for an asset shall be determined based on the asset's useful life.

Paragraph 360-35-4 defines depreciation accounting as "a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. There are a number of acceptable depreciation methods under GAAP, which include units of production, straight line, decreasing charge methods (including sum-of-the-years digits and declining-balance methods) and special depreciation methods, including group and composite methods.

OTHER GUIDANCE

The Code of Federal Regulations, Conservation of Power and Water Resources, Chapter 18, Parts 101 and 201 provides a uniform system of accounts and accounting guidance for electric and gas entities. FERC Account 108, Accumulated Provision for Depreciation", Paragraph C states "for general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. .

Based on this FERC guidance, along with common rate-making practice, NiSource's rate regulated subsidiaries utilize the composite method of depreciation. Depreciation expense is determined using composite rates on a straight line basis over the remaining service lives of the electric, gas and common properties as determined by depreciation studies completed in conjunction with the rate regulated subsidiary's latest rate case.

Typically a gain or loss on an asset sale is equal to the cash proceeds less the net book value of the asset. As NiSource's rate regulated subsidiaries utilize the composite method of depreciation and groups of assets are depreciated over an estimated useful life for the asset group, the net book value of a specific asset cannot be calculated.

FERC Account 108 Paragraph B provides guidance to account for recording depreciation expense and retirements, stating "at the time of retirement of depreciable electric utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall he credited with the salvage value and any other amounts recovered, such as insurance. When retirement, costs of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. As such, gains or losses on the sale of rate regulated subsidiaries' utility plant are typically not recognized.

Gains or losses on the sale of an operating unit or system comprised of rate regulated utility plant are recognized. While FERC has not explicitly defined what represents an operating unit or system, in a response to El Paso Natural Gas company docket No. CP88-475-001, FERC discussed what determines an operating unit or system:

> The term "operating unit or system" is a term of art. The principal considerations are whether customers are attached, amount of investments, character of the property, and the continuity of operations. It is unnecessary, however, that an operating unit or system embraces a complete transmission or distribution system or that it serves completely an incorporated or unincorporated area".

In the El Paso case, the assets being retired were determined to be an operating system. The facilities included a compressor unit, 12 miles of 14-inch pipe, and over 140 miles of well-tie and gathering pipelines. The amount of the investment was determined to be significant, as demonstrated by the fact that the net book value of the facilities sold was nearly $9 million. The commission ruled that given the continuity of the system's operations, and the substantial amount of the investment, the facilities met the criteria of an operating system or unit. See Appendix A for additional case guidance related to retirements at Natural Gas Pipeline of America and Columbia Gas Transmission Corporation.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

NiSource's rate regulated subsidiaries follow the accounting and reporting requirements of ASC 980, Regulated Operations. ASC 980 provides that rate regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated services and it is probable that such rates can be charged and collected.

V. NISOURCE APPLICATION

Property, plant and equipment (principally utility plant) are stated at cost. The rate-regulated subsidiaries record depreciation using composite rates on a straight line basis over the remaining service lives of the electric, gas and common properties.

Generally, NiSource's subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When regulated property that represents a retired unit is replaced or removed, the cost of such property is credited to utility plant and such cost, net of salvage, is debited to the accumulated provision for depreciation in accordance with composite depreciation ("composite method).

Gains or losses on the sale of rate regulated subsidiaries' utility plant are typically not recognized. The difference between the cost of the assets retired or replaced and the related salvage values is charged or credited to accumulated depreciation. Gains or losses on the sale of an operating unit or system comprised of rate regulated utility plant are recognized in an amount equal to the cash proceeds less the net book value of the asset. Similarly, gains or losses on the sale of non-utility property are recognized in the amount equal to the cash proceeds less the net book value of the asset.

In the event that the sale of rate regulated utility plant includes land, a portion of the sales price is allocated to land based on the original cost of the land as a percentage of the total cost (original cost of the land plus original cost of utility plant assets). Because land is not depreciated, a gain or loss on the sale of land can be calculated and is recognized on the Statement of Consolidated Income as an Operating Expense in the Impairment and (Gain) Loss on Sale of Assets line item.

Note any intercompany sales are recorded at net book value and as such no gain/loss is recognized.

VI. AUTHORITY AND RESPONSIBILITY

When a sale of regulated property occurs, the accounting department at the subsidiary where the sale occurs will record the appropriate entries as described above. These entries are approved via the same process of all other journal entries recorded during an accounting period.

VII. APPENDICES

See attached appendices.

NiSource

Accounting Policy
Issue date: January 22, 2010
Prepared by: James Leslie
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 5.2
Subject: Accounting for asset sales

Appendix A

FERC Case Examples – Retirement Represents an Operating Unit

In Docket No. CP96-99-000 Natural Gas Pipeline of America (Natural) proposed treating the retirement of certain facilities as normal retirement with the accounting to be consistent with the Gas Plant Instruction No. 10(B). The facilities consisted of certificated and uncertificated assets with a net book value of $7.719 million. The certificated facilities consisted of 40 miles of 10-inch laterals, three compressor units, 17 miles of 10-inch gathering lines, and seventeen laterals ranging in diameter from 4 to 8 inches. The uncertificated facilities consisted of eighty-two 3 to 8 inch laterals connected to eight-one wells with associated taps and meters. The commission ruled that given the nature of the facilities, the system should be properly viewed as an operating unit or system under the Uniform System of Accounts and accounted for as proscribed in the Gas Plant Instruction No. 5(F).

FERC Case Examples – Retirement Does Not Represent an Operating Unit

In Docket CP97-323-000 Columbia Gas Transmission Corporation (TCO) proposed to account for the sale of approximately 18.2 miles of 6 and 8 inch lateral pipelines, and all appurtenances and rights-of-way associated with these pipelines to NYSEG as a normal retirement. NYSEG agreed to pay TCO $900,000 for the facilities which had a net book value of $1,515,546. FERC issued a data request asking for TCO's rationale as to why it felt it was not an operating system. TCO's answer in part stated: "The original investment in the facilities proposed for sale is less than one percent of the original investment for the Columbia Transmission System. It contains no wells, well lines, gathering lines, storage facilities, or compressor facilities. When the assets are viewed as an independent system, they could not perform their intended function of the transportation of natural gas without being connected to other facilities. The only customer served by the line is NYSEG, the party to whom the facilities are being sold. Given the relatively small amount of the investment, small number of customers, and its inability to maintain continuity of operations when viewed as an independent unit or system, it appears that the Olean facilities would not qualify as an operating unit or system based on the dockets discussed above. The FERC approved TCO's treatment of the sale as a composite retirement.

In Docket No. CP99-616-000 Columbia Gas Transmission Corporation proposed to account for the sale of approximately 200 miles of transmission pipeline, appurtenances and rights-of-ways associated with these pipelines to Gatherco as a composite retirement. Gatherco paid $3,750,000, of which $395,000 was allocated to the non-jurisdictional facilities (gathering portion of the sale). The operating unit issue is only pertinent to the jurisdictional (transmission) facilities sold. This leaves $3,355,000 paid for the transmission facilities that had a net book value of $3,723,000. The accounting entries recorded this as a composite retirement (non-operating unit treatment). No income statement impact was recognized. TCO received various data requests on this filing, but none questioned the accounting treatment. The FERC approved TCO's treatment of the sale as a normal retirement.

NiSource
Accounting Policy
Issue date: January 22, 2010
Prepared by: James Leslie
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 5.2
Subject: Accounting for asset sales

Appendix B

Accounting Matrix for Retirement/Sale of Property

Property Classification	Gain/Loss Accounting Treatment
Non-Utility Property	Record Gain/Loss equal to cash proceeds less the net book value
Operating Unit or System	Record Gain/Loss equal to cash proceeds less the net book value
Utility Property (not considered Oper. Unit or System)	Composite Method

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Matt Harris
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 5.3
Subject: Long-lived Asset Impairment

I. INTRODUCTION

This policy provides guidelines for determining potential impairment related to NiSource's long-lived assets and discusses the appropriate accounting related to any impairment identified.

II. SCOPE

This policy applies to all of NiSource's business units.

III. GAAP GUIDANCE

The following is the relevant guidance relating to the impairment of long-lived assets:

ASC 360-10-35-17 through ASC 360-10-35-36

When to Test an Asset for Recoverability

A long-lived asset (asset group) shall be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The following are examples of such events or changes in circumstances:

a. A significant decrease in the market price of a long-lived asset (asset group)

b. A significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used or in its physical condition

c. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset (asset group), including an adverse action or assessment by a regulator

d. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group)

e. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset (asset group)

f. A current expectation that, more likely than not, a long-lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term *more likely than not* refers to a level of likelihood that is more than 50 percent.

When a long-lived asset (asset group) is tested for recoverability, it also may be necessary to review depreciation estimates and method as required by Topic 250 or the amortization period as required by Topic 350. Paragraphs 250-10-45-17 through 45-20 and 250-10-50-4 address the accounting for changes in estimates, including changes in the method of depreciation, amortization, and depletion. Paragraphs 350-30-35-1 through 35-5 address the determination of the useful life of an intangible asset. Any revision to the remaining useful life of a long-lived asset resulting from that review also shall be considered in developing estimates of future cash flows used to test the asset (asset group) for recoverability (see paragraphs 360-10-35-31 through 35-32). However, any change in the accounting method for the asset resulting from that review shall be made only after applying this Subtopic.

Measurement of an Impairment Loss

An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). That assessment shall be based on the carrying amount of the asset (asset group) at the date it is tested for recoverability, whether in use (see paragraph 360-10-35-33) or under development (see paragraph 360-10-35-34). An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value.

Assets Subject to Asset Retirement Obligations
In applying the provisions of this Subtopic, the carrying amount of the asset being tested for impairment shall include amounts of capitalized asset retirement costs. Estimated future cash flows related to the liability for an asset retirement obligation that has been recognized in the financial statements shall be excluded from both of the following:

a. The undiscounted cash flows used to test the asset for recoverability

b. The discounted cash flows used to measure the asset's fair value.

If the fair value of the asset is based on a quoted market price and that price considers the costs that will be incurred in retiring that asset, the quoted market price shall be increased by the fair value of the asset retirement obligation for purposes of measuring impairment.

Adjusted Carrying Amount Becomes New Cost Basis
If an impairment loss is recognized, the adjusted carrying amount of a long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

Grouping Long-Lived Assets Classified as Held and Used
For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets shall be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. However, an impairment loss, if any, that results from applying this Subtopic shall reduce only the carrying amount of a long-lived asset or assets of the group in accordance with paragraph 360-10-35-28.

In limited circumstances, a long-lived asset (for example, a corporate headquarters facility) may not have identifiable cash flows that are largely independent of the cash flows of other assets and liabilities and of other asset groups. In those circumstances, the asset group for that long-lived asset shall include all assets and liabilities of the entity.

In limited circumstances, an asset group will include all assets and liabilities of the entity. For example, the cost of operating assets such as corporate headquarters or centralized research facilities may be funded by revenue-producing activities at lower levels of the entity. Accordingly, in limited circumstances, the lowest level of identifiable cash flows that are largely independent of other asset groups may be the entity level. See Example 4 (paragraph 360-10-55-35).

Effect of Goodwill when Grouping
Goodwill shall be included in an asset group to he tested for impairment under this Subtopic only if the asset group is or includes a reporting unit. Goodwill shall not be included in a lower-level asset group that includes only part of a reporting unit. Estimates of future cash flows used to test that lower-level asset group for recoverability shall not be adjusted for the effect of excluding goodwill from the group. The term *reporting unit* is defined in Topic 350 as the same level as or one level below an operating segment. That Topic requires that goodwill be tested for impairment at the reporting unit level.

Other than goodwill, the carrying amounts of any assets (such as accounts receivable and inventory) and liabilities (such as accounts payable, long-term debt, and asset retirement obligations) not covered by this Subtopic that are included in an asset group shall be adjusted in accordance with other applicable generally accepted accounting principles (GAAP) before testing the asset group for recoverability. Paragraph 350-20-35-31 requires that goodwill be tested for impairment only after the carrying amounts of the other assets of the reporting unit, including the long-lived assets covered by this Subtopic, have been tested for impairment under other applicable accounting guidance.

Allocating Impairment Losses to an Asset Group
An impairment loss for an asset group shall reduce only the carrying amounts of a long-lived asset or assets of the group. The loss shall be allocated to the long-lived assets of the group on a pro rata basis using the relative carrying amounts of those assets, except that the loss allocated to an individual long-lived asset of the group shall not reduce the carrying amount of that asset below its fair value whenever that fair value is determinable without undue cost and effort. See Example 1 (paragraph 360-10-55-20) for an illustration of this guidance.

Estimates of Future Cash Flows Used to Test a Long-Lived Asset for Recoverability
Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) shall include only the future cash flows (cash inflows less associated cash outflows) that are directly associated with and that are expected to arise as a direct result of the use and eventual disposition of the asset (asset group). Those estimates shall exclude interest charges that will be recognized as an expense when incurred.

Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) shall incorporate the entity's own assumptions about its use of the asset (asset group) and shall consider all available evidence. The assumptions used in developing those estimates shall be reasonable in relation to the assumptions used in developing other information used by the entity for comparable periods, such as internal budgets and projections, accruals related to incentive compensation plans, or information communicated to others. However, if alternative courses of action to recover the carrying amount of a long-lived asset (asset group) are under consideration or if a range is estimated for the amount of possible future cash flows associated with the likely course of action, the likelihood of those possible outcomes shall be considered. A probability-weighted approach may be useful in considering the likelihood of those possible outcomes. See Example 2 (paragraph 360-10-55-23) for an illustration of this guidance.

Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) shall be made for the remaining useful life of the asset (asset group) to the entity. The remaining useful life of an asset group shall be based on the remaining useful life of the primary asset of the group. For purposes of this Subtopic, the primary asset is the principal long-lived tangible asset being depreciated or intangible asset being amortized that is the most significant component asset from which the asset group derives its cash-flow-generating capacity. The primary asset of an asset group therefore cannot be land or an intangible asset not being amortized.

Factors that an entity generally shall consider in determining whether a long-lived asset is the primary asset of an asset group include the following:

a. Whether other assets of the group would have been acquired by the entity without the asset

b. The level of investment that would be required to replace the asset

c. The remaining useful life of the asset relative to other assets of the group. If the primary asset is not the asset of the group with the longest remaining useful life, estimates of future cash flows for the group shall assume the sale of the group at the end of the remaining useful life of the primary asset.

Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) that is in use, including a long-lived asset (asset group) for which development is substantially complete, shall be based on the existing service potential of the asset (asset group) at the date it is tested. The service potential of a long-lived asset (asset group) encompasses its remaining useful life, cash-flow-generating capacity, and for tangible assets, physical output capacity. Those estimates shall include cash flows associated with future expenditures necessary to maintain the existing service potential of a long-lived asset (asset group), including those that replace the service potential of component parts of a long-lived asset (for example, the roof of a building) and component assets other than the primary asset of an asset group. Those estimates shall exclude cash flows associated with future capital expenditures that would increase the service potential of a long-lived asset (asset group).

Estimates of future cash flows used to test the recoverability of a long-lived asset (asset group) that is under development shall be based on the expected service potential of the asset (group) when development is substantially complete. Those estimates shall include cash flows associated with all future expenditures necessary to develop a long-lived asset (asset group), including interest payments that will be capitalized as part of the cost of the asset (asset group). Subtopic 835-20 requires the capitalization period to end when the asset is substantially complete and ready for its intended use.

If a long-lived asset that is under development is part of an asset group that is in use, estimates of future cash flows used to test the recoverability of that group shall include the cash flows associated with future expenditures necessary to maintain the existing service potential of the group (see paragraph 360-10-35-33) as well as the cash flows associated with all future expenditures necessary to substantially complete the asset that is under development (see the preceding paragraph). See Example 3 (paragraph 360-10-55-33). See also paragraphs 360-10-55-7 through 55-18 for considerations of site restoration and environmental exit costs.

Fair Value

For long-lived assets (asset groups) that have uncertainties both in timing and amount, an expected present value technique will often be the appropriate technique with which to estimate fair value.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

NiSource will test a long-lived asset or group of assets for impairment upon the occurrence of one of the six triggering events discussed above. NiSource's Segment Controllers as well as Financial Reporting will evaluate the existence of a triggering event on a quarterly basis at a minimum.

Step 1

Upon identification of a triggering event the Segment Controller where the possibility of impairment has been identified will perform Step 1 of the impairment test. The test will be performed by comparing the undiscounted cash flows to be generated from the use and disposition of the asset or asset group for which a triggering event has occurred to the carrying value of the asset or asset group.

The cash flows will exclude interest expense recorded as an expense as incurred and will be for the remaining useful life of the asset as reported on the company's books. The remaining useful life of an asset group for the purposes of this test will be the primary asset being depreciated or amortized that is most significant to the asset group's cash generating activities.

Step 2

If after performing Step 1 of the impairment test the undiscounted cash flows are not equal or greater than the asset or asset group's carrying value, Step 2 of the impairment calculation must be performed. In order to perform Step 2 of the analysis, the fair value for the asset or asset group for which the existence of impairment has been determined will be calculated. This will be done using a present value technique, such as a discounted cash flow model, whenever possible. If a more accurate method of determining fair value, such as quoted prices in an active market, is available, the more accurate method of calculating fair value may be used.

Upon the performance of Step 2 of the impairment calculation, NiSource will record an impairment loss equal to the difference between the fair value of the asset or asset group and the respective asset's carrying value. In accordance with US Generally Accepted Accounting Principles (US GAAP), NiSource will allocate the impairment loss to the assets of an asset group on a pro rata basis while ensuring that no individual asset is written down below its individual fair value if the fair value of the individual asset can be determined "without undue cost and effort."

Once recorded, an impairment charge will not be reversed by the company. The impairment is included in results from operations on the line "Impairment and (gain)/loss on sale of assets, net" on the consolidated income statement.

VI. AUTHORITY AND RESPONSIBILITY

The Financial Reporting Department along with the Segment Controllers are responsible for identifying triggering events that would cause an impairment analysis to be required. The analysis is the responsibility of the Segment Controller where the assets in question reside.

Once the analysis is performed it is reviewed and approved by the appropriate Segment CFO as well as NiSource's Chief Accounting Officer. Additionally, any impairment charge in excess of $4 million requires approval by the Chief Financial Officer.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: June 30, 2010
Prepared by: Matt Harris
Approved by: BU Controllers
Reference No. 5.5
Subject: Accounting for Asset Retirement Obligations

I. INTRODUCTION

This policy provides guidelines on the accounting treatment of asset retirement obligations.

II. SCOPE

This policy applies to all of NiSource's business units.

III. GAAP GUIDANCE

The following is the relevant guidance relating to the accounting for asset retirement obligations:

ASC 410-20-25

Recognition of Asset Retirement Obligations

In accordance with ASC 410-20-25 an entity shall recognize a liability for an asset retirement obligation in the period it is incurred if a reasonable estimate of the fair value of the liability can be made. If a reasonable approximation of fair value can not be made in the period the liability is incurred the liability is recognized when a reasonable estimate of fair value can be made.

ASC 410-20-30

Initial Measurement of an Asset Retirement Obligation

In estimating the fair value of the liability an entity is required to use an expected present value technique and to discount the expected cash flows using a credit adjusted risk-free rate. Items that must be considered in estimating the cash flows associated with an asset retirement obligation include the following:

- The costs that a third party would incur in performing the tasks necessary to retire the asset
- Other amounts that a third party would include in determining the price of the transfer, including, for example, inflation, overhead, equipment charges, profit margin, and advances in technology
- The extent to which the amount of a third party's costs or the timing of its costs would vary under different future scenarios and the relative probabilities of those scenarios
- The price that a third party would demand and could expect to receive for bearing the uncertainties and unforeseeable circumstances inherent in the obligation, sometimes referred to as a market-risk premium.

In determining the credit adjusted risk-free rate used to discount the cash flows an entity should consider the effects of all terms, collateral, and existing guarantees on the fair value of the liability.

ASC 410-20-35

Subsequent Measurement of an Asset Retirement Obligation

In some instances a liability for an asset retirement obligation may be incurred over more than one period. In accordance with ASC 410-20-35 the obligation incurred in each period is to be treated as a separate layer and measured at fair value in the period it is incurred.

Asset retirement cost associated with an asset retirement obligation is to be capitalized and expensed over its useful life in a "systematic and rational manner." The expensing of asset retirement costs is recorded as depreciation expense on the income statement. Additionally, an entity is required to recognize adjustments to its liability for asset retirement obligations due to the passage of time. These adjustments are classified as accretion expense which is not considered to be interest expense for the purposes of applying *ASC 835-20, Capitalization of Interest.* Accretion expense is to be classified as an operating item on the income statement. In adjusting the liability for the passage of time an entity must use an interest method of allocation which includes the credit-adjusted risk free rate utilized upon the initial measurement of fair value of the liability.

Entities may also need to adjust the liabilities associated with asset retirement obligations due to changes in estimate. These changes could relate to the timing or amount of cash flows associated with the ultimate settlement of the liability. Any upward revision to the amount of undiscounted cash flows is to be adjusted using the credit-adjusted risk-free rate in place at the time of the revision while downward adjustments are discounted using the rate in place at the time of initial fair value measurement.

ASC 410-20-40

Settlement of Asset Retirement Obligations
Generally asset retirement obligations will be settled upon the retirement of the asset associated with the obligation. It is possible, however, to settle a portion of the obligation prior to asset retirement. Timing of the settlement should not impact the fair value of the obligation recorded upon initial recognition. A gain/loss on settlement is recording in operations on the income statement for the difference between the book value of the liability settled and the actual cost of settlement. Cash outlays for the settlement of asset retirement obligations are recorded in the operating section of the statement of cash flows.

ASC 410-20-50

Disclosures for Asset Retirement Obligations

An entity must disclose the following regarding its asset retirement obligations:

- A description of the asset retirement obligations and the associated long-lived assets
- The fair value of any assets legally restricted for the settlement of the asset retirement obligations
- A reconciliation of the beginning and ending carrying amount of the obligations showing changes related to liabilities incurred during the period, liabilities settled in the current period, accretion expense, and revisions in estimated cash flows.

In the event the fair value of an asset retirement obligation cannot be reasonably estimated an entity is required to disclose the facts and reasons for the inability to provide an estimate.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Many rate-regulated entities currently provide for the costs related to the retirement of certain long-lived assets in their financial statements and recover those amounts in rates charged to their customers. Some of those costs result from asset retirement. The amounts charged to customers for the costs related to the retirement of long-lived assets may differ from the period costs recognized in the financial statements and, therefore, may result in a difference in the timing of recognition of period costs for financial reporting and rate-making purposes. An additional recognition timing difference may exist when the costs related to the retirement of long-lived assets are included in amounts charged to customers but liabilities are not recognized in the financial statements. A regulated entity also shall recognize a regulatory asset or liability for differences in the timing of recognition of the period costs associated with asset retirement obligations for financial reporting and rate-making purposes.

V. NISOURCE APPLICATION

NiSource and its subsidiaries have asset retirement obligations relating to underground storage tanks, asbestos, cut and cap pipe requirements, landfills, ash ponds, and other items. Asset retirement obligations are determined as they arise by individuals in the environmental department as well as by the business unit controllers.

Upon identification of a new asset retirement obligation the useful life of the long-lived asset underlying the obligation is determined with input from the business unit accountants as well as individuals from operations. A credit-adjusted risk-free rate is determined in order to discount the liability related to the asset retirement obligation. The credit-adjusted risk-free rate is determined by utilizing the re-offer yield provided from the Treasury new issue pricing report. The anticipated cost to retire the asset at the end of its useful life is determined by applying an estimate for inflation to the current value of settling the liability. The current value is determined with input from EH&S, the business units, or other departments. The future value of settling the obligation is then discounted back to present value utilizing the credit-adjusted risk-free rate at the date of recognition and a liability (or in certain instances a regulatory asset as discussed in Section IV above) is recorded on the balance sheet. Accretion expense is then recorded each year as the beginning liability multiplied by the credit-adjusted risk-free rate which was used upon initial measurement of the fair value of the obligation.

Asset Retirement Cost is recorded at the date of recognition in an amount equivalent to the fair value of the liability associated with the asset retirement obligation. This asset retirement cost effectively increases the carrying value of the underlying long-lived asset and is depreciated on a straight-line basis over the useful life of the asset. See Section IV above for the treatment of asset retirement cost under ASC 980.

Any settlements or changes in estimate which occur during a reporting period are recorded in accordance with ASC 410-20-35 as described in Section III above.

VI. AUTHORITY AND RESPONSIBILITY

The Environmental Department along with the Business Unit Controllers are responsible for identifying asset retirement obligations as they arise. The Financial Reporting team facilitates the EH&S review on a quarterly basis on behalf of the business units. Upon identification the information surrounding the obligation must be provided to the Accounting Research team. Additionally, ARO activity is to be provided to the Financial Reporting team on a quarterly basis via a quarterly questionnaire. See Appendix A.

The Accounting Research team facilitates an annual review of AROs and assists with the development of the calculations used to record AROs, accretion and other associated entries. Accounting Research also maintains schedules detailing the adoption of FAS 143 and FIN 47.

The Business Unit Controllers and their respective fixed asset accountants are ultimately responsible for recording and tracking the activity associated with AROs.

VII. APPENDICES

See Appendix A for Quarterly ARO Reporting Package Questionnaire.

NiSource™

Accounting Policy Guide

Issue date:
Prepared by:
Approved by:
Reference No.
Subject: Lease Accounting

NOTE: This policy is solely a GAAP accounting policy and is not intended as an asset acquisition policy and should not be construed as such.

I. INTRODUCTION

This document provides guidelines for the accounting for leases, including classification of leases as capital or operating.

II. SCOPE

This policy applies to NiSource and all NiSource subsidiaries.

III. GAAP GUIDANCE

ASC 840 addresses leases. This topic and all of its subtopics, sections, and paragraphs are included by reference as part of this policy. An overview of the information included may be found in Section VII, Appendix A to this policy.

The objective of the lease classification criteria as stated in this subtopic derives from the concept that a lease that transfers substantially all of the benefits and risks incident to the ownership of property should be accounted for as the acquisition of an asset and the incurrence of an obligation by the lessee and as a sale or financing by the lessor. All other leases should be accounted for as operating leases. (ASC 840-10-10-1).

IV. NISOURCE APPLICATION

A. Lease Determination

A determination must be made as to whether a lease is a capital lease or an operating lease. The criteria applied by the lessee and the lessor are as follows:

1. Lessee – Analyzing the Agreement

The lessee must determine that an agreement is a lease rather than a rental agreement based on the following:

a) A rental agreement generally specifies use for a short period of time. A month-to-month rental agreement is automatically renewed each month unless proper notice is given to terminate the agreement. Rental payments required may change on relatively short notice (usually a notice of 30 days).
b) An agreement is not a lease if it is a contract for services that does not transfer the right to use property, plant, or equipment from one contracting party to another and is not dependent on the specified property, plant, or equipment (ASC 840-10-15-10).
c) Inventory, minerals, precious metals or other natural resources cannot be the subject of a lease for accounting purposes because those assets are not depreciable. This exclusion includes lease agreements concerning the rights to explore for or to exploit natural resources such as oil, gas, minerals, timber, precious metals, or other natural resources (ASC 840-10-15-15).
d) A lease obligates both the lessee and the lessor for a set period of time, usually longer than a year. During this time, the payment cannot be changed unless the lease itself provides for modifications. At the end of the lease term, the lessee or lessor can decline to renew it or negotiate to sign a new lease or rental agreement.

Once a determination has been made that an agreement is a lease, a classification must be made as to what type of lease it is. The lessee will classify an agreement as a capital lease if it meets one of the following four criteria (ASC 840-10-25-1):

a) The lease transfers ownership of the property to the lessee at the end of the lease term.
b) The lease contains a bargain purchase option.
c) The lease term is equal to 75% or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion sball not be used for the purposes of classifying tbe lease.
d) The present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90% of the excess of the fair value of the lease property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized by the lessor. If the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

If a lease does not meet any of these four criteria, it is classified as an operating lease (ASC 840-10-25-30).

2. Lessor – Analyzing the Agreement
As the Lessor, a lease is classified as a lease based upon the same criteria as for a lessee. Once determined to be a lease, the agreement is further classified as an operating lease unless the lessee can classify it as a capital lease and both of the following criteria are met (ASC 840-10-25-42):

a) Collectability of the minimum lease payments is reasonably predictable.
b) No important uncertainties surround the amount of unreimbursable costs yet to be incurred by the lessor under the lease.

If both of the additional qualifications are met, there are three types of capital lease classifications for the Lessor (ASC 840-10-25-43):
a) Sales-type lease - recognizes a profit or loss on the initial transaction in addition to interest income over the term of the lease; the fair value of the property (selling price) is different than the carrying value (cost)
b) Direct financing lease - generally involves a leasing company or other financial institution and results in only interest income being earned by the lessor; the fair value of the property equals the carrying value
c) Leveraged lease- meets the requirements for a direct financing lease but involves at least three parties (a lessee, a long-term creditor, and a lessor)

If the agreement does not meet the criteria for a capital lease, it is classified as an operating lease (ASC 840-10-25-43).

B. Lessee Accounting and Reporting Requirements
1. Capital Leases
Accounting for capital leases is addressed in ASC-840-30. When making calculations regarding the present value of the obligation, the interest rate to be used in this calculation should be the all-in yield rate as specified in the fixed rate pricing attachments to the most recent Controller's Letter titled "Updated NiSource Ineremental Borrowing Rates to be used for ASC 840 Capital Leases" (for an example, see Appendix B: Controller's Letter No. 2009-41.

Fixed assets recorded under capital leases must be depreciated in the same manner as company-owned property.

Appropriate account classification for regulated businesses should be obtained by referring to the appropriate Code of Federal Regulations section as identified in Section V: Regulatory Considerations of this policy.

Appropriate account classification for non-regulated businesses would be to record the present value of the obligation to make lease payments as long and short-term debt with either (1) an offsetting fixed asset or (2) CWIP if the asset is still under construction but the lease obligation must be met.

2. Operating Leases
Accounting for operating leases is addressed in ASC-840-20. Rent shall be charged to expense by lessees over the lease term as it becomes payable. If rental payments are not made on a straight-line basis, rental expense nevertheless shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used. The difference between the actual payment of cash and expense recognized may result in the recording of prepaid rent or rent payble.

Lease payments dependent upon a factor directly related to the future use of the leased property, such as machine hours of use or sales volume during the lease term, are contingent rentals and, accordingly, are excluded from minimum lease payments in their entirety.

Lease payments that depend on an existing index or rate, such as the consumer price index or the prime interest rate, shall be included in minimum lease payments based on the index or rate existing at lease inception; any increases or decreases in lease payments that result from subsequent changes in the index or rate are contingent rentals and thus affect the determination of income as accruable.

C. Lessor Accounting and Reporting Requirements

1. Capital Leases
Accounting for capital leases is addressed in ASC-840-30. When making calculations regarding the present value of the obligation, the interest rate to be used in this calculation should the all-in yield rate as specified in the fixed rate pricing attachments to the most recent Controller's Letter titled "Updated NiSource Incremental Borrowing Rates to be used for ASC 840 Capital Leases" (for an example, see Appendix B: Controller's Letter No. 2009-41.

Appropriate account classification for regulated businesses should be obtained by referring to the appropriate Code of Federal Regulations section as identified in Section V: Regulatory Considerations of this policy.

Appropriate account classification for non-regulated businesses would be to record the present value of the obligation to make lease payments as long and short-term debt with an offsetting fixed asset.

2. Operating Leases

Accounting for operating leases is addressed in ASC-840-20. Rent shall be reported as income by lessors over the lease term as it becomes receivable. If rental payments are not made on a straight-line basis, rental income nevertheless shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used. The difference between the actual receipt of cash and income recognized may result in the recording of a receivable.

V. REGULATORY CONSIDERATIONS (ASC 980)

ASC 980-840 – Regulated Operations: Leases does not address capital or operating leases. Therefore, there are no additional considerations applicable to this topic regarding the accounting for capital leases by regulated entities as established under GAAP.

The Federal Energy Regulatory Commission provides a uniform system of accounts and accounting guidance on how to account for capital leases. Account 243 (Obligations under capital leases – current) shall include the portion due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1 (Property under Capital Leases) or account 121 (Non-Utility Property). Account 227 (Obligations under capital leases – noncurrent) shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1 (Property under Capital Leases) or account 121 (Non-Utility Property).

VI. AUTHORITY AND RESPONSIBILITY

This policy deals specifically with the accounting and reporting for capital and operating leases. As such, the authority and responsibility of recording and reporting these leases resides with the Accounting Department.

NiSource and its subsidiaries currently have in place two policies which provide guidance for the approval of capital leases. The stipulations of these policies are included in this policy by reference. They are the NiSource Capital Allocation Policy (effective December 19, 2007) and the NiSource Corporate Accountability Policy (effective June 1, 2004 as revised December 19, 2007). Both of these policies imply that the proper determination has already been made that the lease is a capital lease based upon the criteria listed above under GAAP Guidance.

VII. APPENDICES

Appendix A: GAAP References

ASC 840-10 addresses leases overall; ASC 840-20 addresses operating leases; ASC 840-30 addresses capital leases; ASC 840-40 addresses sale-leaseback transactions. ASC 840 and all of its subsections are included by reference as part of this policy. Specific areas of interest may be found by consulting the appropriate subtopic. Each subtopic of the ASC is formatted similarly as follows:

1. Section 05 – Overview and Background
2. Section 10 – Objectives
3. Section 15 – Scope and Scope Exceptions
4. Section 20 – Glossary
5. Section 25 – Recognition
6. Section 35 – Subsequent Measurement
7. Section 40 – Derecognition

8. Section 45 – Other Presentation Matters
9. Section 50 – Disclosure
10. Section 55 – Implementation Guidance and Illustrations

Appendix B: Controller's Letter No. 2009-41

NiSource
Delivering life's essential resources

December 23, 2009
No. 2009-41

From: J. Grossman

To: R. Kriner, M. Hershberger, W. Telzerow, S. Taylor, G. Bane, J Veurink

CC:

K. Blissmer	L. Francisco	K. Isley	L. Pilof	T. Stanton
M. Casey	J. Gambone	K. Johnson	R. Plantz	M. Tapp
C. Delany	B. Golding	L. Koh	G. Plesac	K. Townsend
B. Douce	J. Gore	P. LaCroix	E. Postma	B. Vangen
J. Eing	R. Grzywana	C. Misirly	S. Rippy	J. Wood
B. Elliot	T. Harmon	P. Newman	A. Romero	A. Zientara
G. Fisher	R. Harper	J. O'Brien	R. Rudenga	
L. Ford	A. Hazen	L. Olson	J. Shikany	
K. Fritts	K. Humrichouse	T. Pemberton	J. Siegle	

Re: Updated NiSource Incremental Borrowing Rates to be used for ASC 840 Capital Leases

Attached are the incremental borrowing rates for NiSource to be used for ASC 840 capital leases recorded prospectively and for current capital lease proposals/evaluations. Use the all-in yield rates included in the fixed rate pricing attachment. If the rates change materially, a new controllers letter will be issued.

If you have any questions, please contact Kevin Blissmer at (219) 647-5690 or Matt Harris at (219) 647-6520.

NiSource™

Accounting Policy Guide

Issue date:
Prepared by:
Approved by:
Reference No.
Subject: Lease Accounting

NiSource

Materials Prepared for:

NiSource Inc.

New Issue Pricing Indications

December 14, 2009

Bank of America Merrill Lynch

NiSource

NiSource Finance Corporation

New Issue Pricing Indications

Secondary Trading Levels

Issuer	Ratings Mdys / S&P	Issue Size (millions)	Coupon	Maturity	Reference Treasury	Price	Spread to Treasury	Yield To Maturity	Spread to LIBOR
NiSource Finance Corp	Baa3 / BBB-	$500	5.400%	7/15/2014	5-Yr	$ 104.295	+ 207 bps	4.354%	L +185 bps
NiSource Finance Corp	Baa3 / BBB-	$600	10.750%	3/15/2016	10-Yr	$ 124.564	+ 242 bps	5.972%	L +296 bps
NiSource Finance Corp	Baa3 / BBB-	$450	5.250%	9/15/2017	10-Yr	$ 98.917	+ 187 bps	5.422%	L +209 bps
NiSource Finance Corp	Baa3 / BBB-	$800	6.400%	3/15/2018	10-Yr	$ 105.675	+ 198 bps	5.532%	L +211 bps
NiSource Finance Corp	Baa3 / BBB-	$500	6.810%	1/15/2019	10-Yr	$ 107.910	+ 213 bps	5.682%	L +214 bps
NiSource Finance Corp	Baa3 / BBB-	$550	5.450%	9/15/2020	10-Yr	$ 97.597	+ 220 bps	5.762%	L +206 bps
NiSource Finance Corp	Baa3 / BBB-	$500	6.125%	3/1/2022	10-Yr	$ 101.477	+ 240 bps	5.952%	L +222 bps

Senior Notes (Baa3 / BBB-) *Guaranteed by NiSource Inc.*

	5 Year	7 Year	10 Year	30 Year
Issue Size (MM)	$250+	$250+	$250+	$250+
Benchmark Treasury	2.125% due 11/14	2.750% due 11/16	3.375% due 11/19	4.500% due 8/39
Benchmark Treasury Yield	2.277%	3.031%	3.550%	4.496%
Reoffer Spread	T + 220 bps Area	T + 225 bps Area	T + 230 bps Area	T + 255 bps Area
Reoffer Yield	4.477%	5.281%	5.850%	7.046%
Underwriting Commission	0.600%	0.625%	0.650%	0.875%
All-in Yield	4.614%	5.309%	5.957%	7.127%
INTEREST RATE SWAP				
Reoffer to 3M LIBOR	L + 179 bps Area	L + 206 bps Area	L + 216 bps Area	-
All-in to 3M LIBOR	L + 192 bps Area	L + 217 bps Area	L + 224 bps Area	-

BofA Merrill Lynch Corporate Bond Trading Desk as of December 14, 2010.

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Bank of America Merrill Lynch

Note: The All-In Yield Rate is found under the section entitled "Senior Notes".

NiSource

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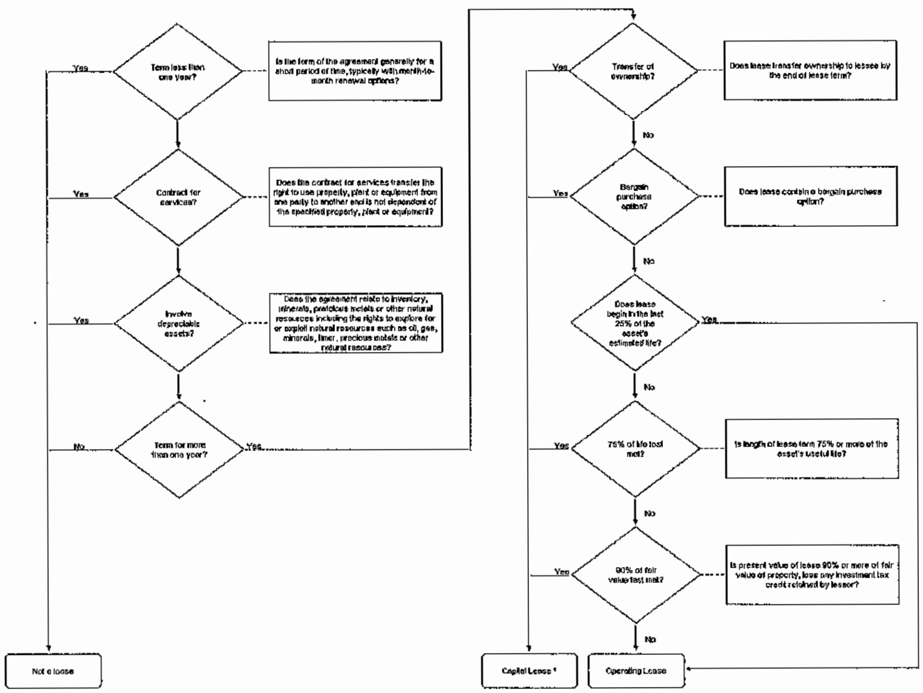
Bank of America Merrill Lynch

NiSource

Accounting Policy Guide

Issue date:
Prepared by:
Approved by:
Reference No.
Subject: Lease Accounting

Appendix C: Analyzing the Agreement as a Lease and the Lease as Capital versus Operating



* Lessor must determine that two additional criteria are met to account for the lease as a capital lease.

1. Collection of minimum lease payments is reasonably predictable.
2. No important uncertainties exist for unreimbursable costs to be incurred by the lessor.

(From: 2004 Miller GAAP Guide)

NiSource™

Accounting Policy

Issue date:
Prepared by: Jeff Eing
Approved by: BU Controllers
Reference No.
Subject: Accounting for Regulatory Assets and Liabilities

I. INTRODUCTION

This policy provides guidelines in determining the accounting treatment for the recognition of a regulatory asset or liability, per ASC 980 – Regulated Operations.

II. SCOPE

ASC 980 – Regulated Operations applies to general-purpose external financial statements of an enterprise that has regulated operations that meet all of the following criteria:

1. The enterprise's rates for regulated services or products provided to its customers are established by or are subject to approval by an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.

2. The regulated rates are designed to recover the specific enterprise's costs of providing the regulated services or products.

3. In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the enterprise's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

If some of an enterprise's operations are regulated and meet the criteria of ASC 980-10-15, this Statement shall be applied to only that portion of the enterprise's operations.

III. GAAP GUIDANCE

ASC 980 – Regulated Operations provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. As defined in the glossary of the Accounting Standards Codification, probable is defined as "that which can be expected or believed on the basis of available evidence or logic but is neither certain nor proved." For a number of reasons, revenues intended to cover some costs are provided either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, this Statement requires companies to capitalize those costs. If current recovery is provided for costs that are expected to be incurred in the future, this Statement requires companies to recognize those current receipts as liabilities.

In addition to the recovery of costs some regulators have also authorized the use of additional, alternative revenue programs. The major alternative revenue programs currently used are:

- programs that adjust billings for the effects of weather abnormalities or broad external factors or to compensate the utility for demand-side management initiatives
- programs that provide for additional billings (incentive awards) if the utility achieves certain objectives, such as reducing costs, reaching specified milestones, or demonstratively improving customer service.

Both types of programs enable the utility to adjust rates in the future (usually as a surcharge applied to future billings) in response to past activities or completed events.

Once the specific events permitting billing of the additional revenues under these programs have been completed, the regulated utility shall recognize the additional revenues if all of the following conditions are met:

1. The program is established by an order from the utility's regulatory commission that allows for automatic adjustment of future rates. Verification of the adjustment to future rates by the regulator would not preclude the adjustment from being considered automatic.
2. The amount of additional revenues for the period is objectively determinable and is probable of recovery.
3. The additional revenues will be collected within 24 months following the end of the annual period in which they are recognized.

General Standards of Accounting for the Effects of Regulation

Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An enterprise shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:

1. It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for ratemaking purposes.

2. Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

If at any time the incurred cost no longer meets the above criteria, that cost shall be charged to earnings.

Rate actions of a regulator can reduce or eliminate the value of an asset. If a regulator excludes all or part of a cost from allowable costs, the carrying amount of any asset recognized shall be reduced to the extent of the excluded cost.

Rate actions of a regulator can impose a liability on a regulated enterprise. Such liabilities are usually obligations to the enterprise's customers. The following are the usual ways in which liabilities can be imposed and the resulting accounting:

a. A regulator may require refunds to customers. Refunds that meet the criteria of ASC 450-20-25 – Contingencies shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated enterprise.

b. A regulator can provide current rates intended to recover costs that are expected to be incurred in the future with the understanding that if those costs are not incurred future rates will be reduced by corresponding amounts.

c. A regulator can require that a gain or other reduction of net allowable costs be given to customers over future periods. That would be accomplished, for rate-making purposes, by amortizing the gain or other reduction of net allowable costs over those future periods and reducing rates to reduce revenues in approximately the amount of the amortization.

Actions of a regulator can eliminate a liability only if the liability was imposed by actions of the regulator.

IV. REGULATORY CONSIDERATIONS

This policy is designed to address the impact of including regulatory assets and regulatory liabilities on the balance sheet. For specific accounting treatment on various transactions and activities refer to specific policies associated with those accounts.

V. NISOURCE APPLICATION

Deferral Accounting

NiSource's rate-regulated subsidiaries follow the accounting and reporting requirements of ASC 980 – Regulated Operations. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. These are presented on the Consolidated Balance Sheets as either current, for items settled within a year, or long-term regulatory assets or liabilities

Evidence that a regulatory asset is probable of recovery is a matter of professional judgment based on the facts and circumstances of each case. NiSource management's positive representation is required that each regulatory asset is probable of recovery in future rates. Evidence that could support future recovery and corroborates NiSource management's representation includes:

- Rate orders from the regulator specifically authorizing recovery of the costs in rates
- Previous rate orders from the regulator allowing recovery for substantially similar costs
- Written approval from the regulator approving future recovery in rates
- Analysis of recoverability from internal or external legal counsel

In the event the length of the regulatory process does not enable NiSource to obtain a rate order, an "accounting order" might be obtained from its regulator's staff agreeing the entity's proposed accounting for an incurred cost even though such orders often include a qualifier that the letter of guidance is not authoritative for ratemaking purposes. Such an order may simply agree to deferral accounting pending a rate case or rate order.

Ineligibility

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for the application of ASC Topic 980 – Regulated Operations. In such event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under generally accepted accounting principles for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of ASC Topic 980 – Regulated Operations, NiSource would be required to apply the provisions of ASC Topic 980-20 – Discontinuation of Rate-Regulated Accounting.

Disclosures

NiSource discloses all regulatory assets and liabilities for a two year period in the annual 10-K filing with the SEC. The disclosure is included in the Notes to Consolidated Financial Statements in the Nature of Operations and Summary of Significant Accounting Policies. Per ASC 980 – Regulated Operations disclosure requirements, NiSource highlights, on an aggregate basis, the following:

- Regulatory assets and liabilities by issue
- Regulatory assets not in rate base and therefore not earning a return
- Regulatory assets recovered as a component of cost of service per a regulatory order
- Regulatory assets that require specific regulatory action

VI. AUTHORITY AND RESPONSIBILITY

All regulatory assets and liabilities must be reviewed annually to verify it continues to meet the requirements of ASC 980 – Regulated Operations.

The Accounting group is responsible for determining the qualification and classification of regulatory assets and liabilities on the balance sheet under the authority of the Segment controller.

The Regulatory Accounting group may be responsible for review/reconciliation of certain regulatory assets and liabilities.

The Financial Reporting group is responsible for presentation and disclosure in the financial statements. Presentation and disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

None.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Vicky Flesher
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 7.1
Subject: Goodwill Impairment Testing

I. INTRODUCTION

This policy provides guidelines for performing and calculating the goodwill impairment test.

II. SCOPE

This policy applies to all NiSource business units carrying a goodwill balance on the books.

III. GAAP GUIDANCE

When to Test Goodwill for Impairment

Per ASC 350, Goodwill of a reporting unit shall be tested for impairment at least annually, and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Examples of such events or circumstances include the following:

- a. A significant adverse change in legal factors or in the business climate
- b. An adverse action or assessment by a regulator
- c. Unanticipated competition
- d. A loss of key personnel
- e. A more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of
- f. The testing for recoverability under the Impairment or Disposal of Long-Lived Assets Subsections of Subtopic 360-10 of a significant asset group within a reporting unit
- g. Recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.

Determining the Fair Value of a Reporting Unit

The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Quoted market prices in active markets are the best evidence of fair value and shall be used as the basis for the measurement, if available. However, the market price of an individual equity security (and thus the market capitalization of a reporting unit with publicly traded equity securities) may not be representative of the fair value of the reporting unit as a whole.

In estimating the fair value of a reporting unit, a valuation technique based on multiples of earnings or revenue or a similar performance measure may be used if that technique is consistent with the objective of measuring fair value. Use of multiples of earnings or revenue in determining the fair value of a reporting unit may be appropriate, for example, when the fair value of an entity that has comparable operations and economic characteristics is observable and the relevant multiples of the comparable entity are known. Conversely, use of multiples would not be appropriate in situations in which the operations or activities of an entity for which the multiples are known are not of a comparable nature, scope, or size as the reporting unit for which fair value is being estimated.

Recognition and Measurement of an Impairment Loss

The goodwill impairment test involves a two step process as outlined below:

Step 1

The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. In determining the carrying amount of a reporting unit, deferred income taxes shall be included in the carrying value of the reporting unit, regardless of whether the fair value of the reporting unit will be determined assuming it would be bought or sold in a taxable or nontaxable transaction. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any.

Step 2
The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is recognized.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)
Not applicable.

V. NISOURCE APPLICATION
NiSource has several business units with goodwill and as such is required to perform an impairment test for these business units on an annual basis. Business units with significant goodwill include Columbia Distribution and Columbia Transmission entities (related to the acquisition of Columbia). Goodwill related to the Columbia acquisition is recorded on NiSource parent books. Goodwill is also recorded for NIFL and Kokomo. NiSource will apply the guidance of ASC 350 when performing an impairment test for recorded goodwill or for any new goodwill recorded in the future.

It is NiSource's policy to perform the annual impairment test for each business unit with goodwill recorded on the books as of June 30 of each fiscal year. When determining the fair value of the reporting units, NiSource can use the income approach, market approach, or a combination of approaches to give the most accurate measurement of the fair value of the reporting unit.

Reporting Units
Per ASC 350, the Company is required to identify reporting units for which goodwill is allocated. NiSource's most significant goodwill assets pertain primarily to the acquisition of Columbia on November 1, 2000, in which goodwill was allocated to Columbia's two principal reporting units. One reporting unit was created within the Gas Distribution segment, comprised of the Columbia local distribution companies. The other was identified within the Transmission and Storage segment, representing Columbia Transmission and Columbia Gulf. The individual companies comprising the components aggregated into each of the respective reporting units were done so because they have similar economic characteristics. Goodwill was assigned based on relative market values resulting in an allocation of 54% to the Columbia Transmission reporting unit and 46% to the Columbia Distribution reporting unit.

Determining Fair Value

In order to determine the best representation of fair value of the reporting units that carry goodwill, the Company can use the income approach, market approach, or a combination of the methods. If a combination of methods is used, each approach should be weighted based on management's judgment. Below is a summary of each approach.

Income Approach Assumptions (Discounted Cash Flow Model). Under the income approach, NiSource utilizes a valuation technique based on projected cash flows in future years, giving consideration to unusual items, cost reduction initiatives, new business initiatives and other factors that generally would be considered in determining fair value. Input and review is provided by Regulatory, Planning and management in the respective segments.

Discount Rate - The discount rate is based on the weighted average cost of capital calculation (WACC) which is calculated by either treasury or by an independent consultant

Growth Rate - Operating income growth rates used in the valuation models are calculated based on the board approved plan, as well as other factors that were not originally considered in the plan such as restructuring, rate case initiatives, etc. NiSource evaluates and applies a specific growth rate to each reporting unit separately. Planning and Regulatory groups review the rates.

Current Financial Plan – The most current approved financial plan available (0&12 Financial Plan) is obtained from Financial Planning to use in the discounted cash flow model and calculate the CAGR which helps in determining the growth rate. Any material events happening after the financial plan are added as adjustments in the discounted cash flow model and those changes are vetted with management.

Capital Expenditures – Capital expenditures, which are included in the Financial Plan, are used in the discounted cash flow model. A steady state capital expenditure amount is determined based on the Financial Plan amounts and input from the Planning groups.

Market Approach Assumptions. Under the market approach, NiSource may utilize three market-based models to estimate the value of the reporting units: (i) the comparable company multiples valuation, (ii) the comparable transaction valuation, and (iii) the market capitalization method. The comparable company multiples valuation method values the enterprise at multiples consistent with a peer group of publicly traded comparable companies. The comparable transaction valuation method values tbe enterprise based on transaction multiples observed in public company transactions. The market capitalization method estimates the enterprise value based on percentage of earnings before interest, taxes, depreciation and amortization ("EBITDA"), revenues, and operating income relative to overall NiSource enterprise value. The determination of the market comparables involves a degree of judgment by both management and, if the company chooses to consult with an outside valuation firm, the valuation firm.

Impairment Test
An estimate of the reporting unit's fair value is compiled by Financial Reporting using the income and market approach. Management at the reporting units prepares a discounted cash flow model and submits to Financial Reporting. The different fair values calculated by the use of the income and market approaches will be weighted as appropriate to determine the overall fair value of each business unit. Management at the reporting units as well as the Financial Reporting team will use judgment to weight the various approaches which will give the best representation of the fair value. This fair value is then compared to the carrying value of the business unit to determine if Step 2 of the impairment test is necessary.

Impairment Charge. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill Step 2 is required and an impairment loss shall be recognized in an amount equal to that excess.

The impairment journal entry would be a debit to Impairment Charge and credit Goodwill Asset.

VI. AUTHORITY AND RESPONSIBILITY

Responsibility – Management for the reporting units will work with Financial Reporting, Regulatory, Planning and outside third party consultants to determine significant assumptions. The reporting units are responsible for finalizing discount rate and market approach methods for determining fair value. If third parties are used to determine discount rate (for the income approach) or the market approach valuations, the Financial Reporting team is responsible for facilitating and compiling the information between the reporting units and the third parties.

Reviewer - Financial Reporting, Director of Accounting Research and Financial Reporting , CAO, and reporting unit CFOs will review the analysis.

Approver - After all comments are cleared from initial review, described above, the CEO and CFO of NiSource give the final approval.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Vicky Flesher
Approved by: Segment Contollers and Chief Accounting Officer
Reference No. 7.2
Subject: Impairment Testing for Intangibles Other Than Goodwill

I. INTRODUCTION

This policy provides guidelines in determining potential impairment related to NiSource's intangible assets other than goodwill.

II. SCOPE

This policy applies to all NiSource business units carrying an intangible asset balance on the books.

III. GAAP GUIDANCE

<u>Recognition and Measurement of an Impairment Loss</u>

Intangible Assets Subject to Amortization

ASC 350-30-35-14 states that an intangible asset that is subject to amortization shall be reviewed for impairment and an impairment loss shall be recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value. After an impairment loss is recognized, the adjusted carrying amount of the intangible asset shall be its new accounting basis. Subsequent reversal of a previously recognized impairment loss is prohibited.

Intangible Assets Not Subject to Amortization

ASC 350-30-35-15 through 35-20 state that if an intangible asset is determined to have an indefinite useful life, it shall not be amortized until its useful life is determined to be no longer indefinite. An entity shall evaluate the remaining useful life of an intangible asset that is not being amortized each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

An intangible asset that is not subject to amortization shall be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test shall consist of a comparison of the fair value of an intangible asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess. After an impairment loss is recognized, the adjusted carrying amount of the intangihle asset shall be its new accounting basis.

Subsequent reversal of a previously recognized impairment loss is prohibited.

Measurement of an Impairment Loss

ASC 360-10-35-17 states that an impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

When to Test an Asset for Recoverability

ASC 360-10-35-21 state that a long-lived asset shall be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The following are examples of such events or changes in circumstances:

a. A significant decrease in the market price of a long-lived asset

b. A significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition

c. A significant adverse change in legal factors or in the business climate that could affect the value of a long-lived asset, including an adverse action or assessment by a regulator

d. An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset

e. A current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset

f. A current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The term *more likely than not* refers to a level of likelihood that is more than 50%.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

NiSource will test an intangible other than goodwill for impairment upon the occurrence of a triggering event; examples of triggering events are discussed above. NiSource's Segment Controllers as well as Financial Reporting will continually evaluate the existence of a triggering event. Non-amortized intangibles assets are tested for impairment annually, and at the occurrence of a triggering event.

Upon identification of a triggering event, and/or annually for non-amortized intangible assets, Segment Accounting where the possible impairment has been identified will perform an impairment test by comparing the fair value to the carrying value of the intangible asset.

NiSource will record any impairment loss equal to the difference between the fair value of the intangible asset and the respective asset's carrying value.

Once recorded, an impairment charge will not be reversed by the company. The impairment is included in results from operations on the line "Impairment and (gain)/loss on sale of assets, net" on the consolidated income statement.

NiSource Intangibles: Bay State has intangible assets of franchise rights recorded on their books to reflect the push down of the purchase premium recorded when NiSource acquired Bay State in February 1999. These franchise rights are being amortized on a straight-line basis over forty years from the date of acquisition. Past triggering events that have required impairment analysis have been the sale of Bay State subsidiary (Northern Utilities) and a rate case.

VI. AUTHORITY AND RESPONSIBILITY

Responsible for Identifying Triggering Events

- Segment CFOs
- Segment Controllers
- Financial Reporting Department

Responsible for Performing Impairment Analysis

- Segment Accounting

Responsible for Reviewing/Approving Impairment Analysis

- Segment CFO and NiSource CAO
- NiSource CFO approval for any impairment charge of $4 million

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Matt Harris
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 8.1
Subject: Share Based Compensation

I. INTRODUCTION

This policy provides accounting guidelines for Share Based Compensation provided by NiSource to certain employees and non-employee directors under U.S. Generally Accepted Accounting Principles.

II. SCOPE

This policy applies to NiSource's share based compensation plans.

III. GAAP GUIDANCE

Share-based compensation awards to both employees and non-employees (e.g. directors) must be accounted for using fair value as the measurement objective. The following guidance refers to awards granted to employees but the accounting treatment is identical for transactions with non-employees.

Determination of the Grant Date of a Share-Based Award

Under ASC 718-10-55-81/82 the definition of the grant date of an award is the date the employer and employee have a mutual understanding of the terms of the award, all necessary approvals have been obtained to issue the award, the company is contingently obligated to issue shares or transfer assets to employees who fulfill vesting conditions, and the employee begins to be impacted by "subsequent changes in the price of the employer's equity shares." The understanding between the employer and employee can be established via a formal, written agreement, an oral arrangement, or an entity's past practice.

Equity versus Liability Classification of an Award

Share-based compensation awards are classified as either equity or liability awards. Equity awards are generally settled in shares, have a vesting condition and fulfill certain other requirements while liability awards generally require the company to use cash or other assets to settle the arrangement. More specific guidance in determining the equity or liability classification of a given award is outlined in ASC 718-10-25-6 through 25-19. The recognition of Compensation Cost related to both equity and liability awards is discussed later in this policy.

Measurement of Share-Based Compensation Awards

In accordance with ASC 718-10-30, share-based compensation awards are to be measured at fair value at the date of grant. Market prices of identical or similar instruments should be utilized if available. While an estimate of a share-based compensation award can sometimes be determined by reference to the market price at the grant date of the underlying stock to be awarded, often times share-based compensation awards have characteristics unlike those of securities traded on the open-market. In accordance with ASC 718-10-30 these characteristics must be considered in determining the fair value of the award. The following is a description of various characteristics of share-based payment awards and the treatment of those characteristics in the determination of fair value:

<u>Non-transferability during the Vesting Period</u>
A restriction placed on a share based compensation award that prevents the receiver of the award from transferring his or her rights in the instruments awarded during the vesting period does NOT factor in the determination of fair value of the award as outlined in ASC 718-10-30-11.

<u>Non-transferability after the Vesting Period</u>
A restriction placed on a share based compensation award that prevents the receiver of the award from transferring his or her rights in the instruments awarded after the vesting period must be considered in the determination of fair value of the award as outlined in ASC 718-10-30-10.

Market prices for securities subject to transfer restrictions are often times not available. As such, ASC 718-10-30 requires fair value to be estimated by using valuation techniques. However, the FASB notes in ASC 718-10-55-5 that if unrestricted "shares are traded in an active market, post-vesting restrictions may have little, if any, effect on the amount at which the shares being valued would be exchanged." As such, in most circumstances, the appropriate measurement for a share-based compensation award with a post-vesting transferability restriction is the fair value of the same or similar unrestricted security traded on the open market.

Awards Containing Market Conditions

ASC 718-10-30-14 notes that the calculation of fair value for share-based awards which contain market conditions should take into account the impact on fair value of those market conditions. Compensation cost is recognized for an award with a market condition provided that the requisite service is rendered, regardless of when, if ever, the market condition is satisfied.

The most commonly used methods for calculating fair value of a share-based compensation award containing market conditions are lattice or Monte Carlo simulations.

Contingent or Clawback Features

Contingent features sometimes referred to as clawback features contained in a share-based compensation award are excluded from the calculation of grant-date fair value of the award. These features are accounted for upon occurrence of the contingent event. ASC 718-10-30-24 discusses the exclusion of contingent features from the determination of fair value.

Share-based Awards that do not pay Dividends during the Vesting Period

Some share-based compensation awards may not accrue dividends throughout the vesting period. Stock traded on the active market, however, includes the expected dividend payout as part of the stock price. As such, the fair value of a share of stock that does not receive dividends should be something less than a share which does receive dividends. Prior to the FASB codification, SFAS 123(R) paragraph B93 indicated the following regarding share-based awards that do not accrue dividends:

> *The fair value of a share of stock in concept equals the present value of the expected future cash flows to the stockholder, which includes dividends. Therefore, additional compensation does not arise from dividends on nonvested shares that eventually vest. Because the measure of compensation cost for those shares is their fair value at the grant date, recognizing dividends on nonvested shares as additional compensation would effectively double count those dividends. For the same reason, if employees do not receive dividends declared on the class of share granted to them until the shares vest, the grant-date fair value of the award is measured by reducing the share price at that date by the present value of the dividends expected to be paid on the share during the requisite service period, discounted at the appropriate risk-free interest rate.*

Stock Options

While market prices for the same or similar instruments traded in active markets are the best indicator of fair value, absent market prices for the same or similar instruments, ASC 718-10-30-8/9 requires the fair value of options to be measured through the use of option-pricing models. The most common option pricing model is the Black-Scholes model.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Matt Harris
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 8.1
Subject: Share Based Compensation

Recognition of Compensation Cost Associated with Share-Based Payment Awards (Equity Awards)

Compensation cost for a share-based compensation award classified as equity is to be recognized over the requisite service period. ASC 718-10-35-2 defines the requisite service period as "the period during which an employee is required to provide service in exchange for an award, which is often the vesting period." Compensation cost is recognized in expense on a straight-line basis over the requisite service period with an offsetting credit to equity.

Awards with Service Conditions
Some share-based compensation awards contain service conditions which require employees to remain employed by the company for a specified period of time. In general, for awards with service conditions the requisite service period is equivalent to the service period required for the awards to vest. Compensation cost is recognized on a straight-line basis over the requisite service period and is reversed when it becomes probable that the award will fail to vest. (See the following page for a discussion of forfeiture assumptions.)

Awards with Performance Conditions
Some share-based compensation awards contain performance conditions which may be based upon the performance and/or achievements of an employee, a division of a company, or even the company as a whole. Compensation cost for these types of awards is recognized in accordance with ASC 718-10-25-20 "based on the probable outcome" of the performance condition. The guidance goes on to say that no compensation cost should be recognized if it is not probable that the performance condition will be met. For awards with multiple performance conditions it may be necessary to build into the determination of the requisite service period the relationship amongst the various performance conditions. Compensation cost for awards with performance conditions is recognized on a straight-line basis over the requisite service period and is reversed when it becomes probable that the award will fail to vest. (See the following page for a discussion of forfeiture assumptions.)

Awards with Market Conditions
Some share-based compensation awards may be tied to market conditions such as an entity's stock price. Generally, lattice models must be used to determine the grant-date fair value of awards with market conditions as they are capable of incorporating the possibility that the market condition is not met in the analysis. Compensation cost associated with awards containing market conditions is not to be reversed solely due to the market condition not being met. ASC 718-10-35-4 states that "an entity shall reverse previously recognized compensation cost for an award with a market condition only if the requisite service is not rendered." Compensation expense for awards with market conditions, such as stock options, is recognized on the date of grant in an amount equivalent to the fair value of the award granted.

Awards for which Dividends are paid during the Vesting Period
Certain share-based compensation awards contain features that allow the holder of tbe award to receive dividend payments during the vesting period. These payments are treated differently depending upon whether or not the award will eventually vest. Dividends paid on awards which vest are charged to retained earnings as they are paid out even if during the vesting award (i.e. the award has not yet vested). Dividends paid on awards which eventually do not vest which are not subject to repayment conditions by the employee are charged to expense when paid. The portion of dividends paid that is charged to retained earnings versus expense is determined based upon the company's estimation of forfeitures as well as the probability of any service or performanee conditions being met. Amounts are trued up in the same manner as compensation expense is adjusted for a change in forfeiture assumptions.

Recognition of Compensation Cost Associated with Share-Based Payment Awards (Liability Awards)

Under ASC 718 both equity awards (discussed in detail above) and liability awards are required to be measured at fair value. Fair value for awards with service, performance, and market conditions is determined in the same manner as for equity awards discussed above.

Compensation cost for liability awards which is measured at the grant-date is to be recognized over the vesting period of the award similar to equity awards.. Liability awards, however, must be remeasured each period so that the total expense recorded for a given award is equivalent to the cash or value of other assets used to settle the award in accordance with ASC 718-30-30-1. The liability accrued at the end of a given accounting period should equal the fair value of the award at period end multiplied by the percentage of the vesting period completed taking into account the award's forfeiture assumption. Note if cash payments are made on a liability award which accrues dividends the amount is charged directly to expense and does not pass through retained earnings.

Forfeiture Assumptions

In accordance with ASC 718, employers are required to estimate forfeitures when recognizing compensation expense for all share-based compensation awards (i.e. both equity and liability awards). The estimate is to be adjusted throughout the entirety of the requisite service period through a true-up to expense and/or equity. As such, at the end of an award's requisite service period, compensation cost should be recorded only for those awards for which service is actually rendered.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

NiSource issues long-term incentive grants to key management and employees under a long-term incentive plan. The plan permits various types of awards to be granted. New plans may also be approved by the stockholders at any time. As it is not possible to predict each type of award that may be issued by NiSource in the future this policy will contain general descriptions of awards that NiSource has issued in the past and therefore is likely to issue in the future along with a discussion of the proper accounting treatment for such awards. Please note that the accounting treatment in the examples contained below is discussed on a consolidated basis. In developing the accounting entries for each award the Consolidation Accounting Manager will allocate expense, equity, and liabilities to the various business units based upon the business units to which employees granted each share-based award record their time.

Restricted/Contingent Stock/Units

NiSource sometimes issues shares of restricted/contingent stock or units under its long-term incentive plan. These awards are settled in shares of the company's stock and are therefore classified as equity awards. These awards have contained both performance and service conditions which determine the vesting period of the awards. Performance conditions are generally based upon the Company achieving a certain earnings or cash target while service conditions are based upon the length of an employee's service to the Company. Performance and service conditions can be present in a share-based compensation award in various manners. For instance, when an award contains a performance condition, which if met accelerates the vesting period of the award, and a service condition which is independent of the performance condition and would result in a longer vesting period, the probability of achieving the performance condition is considered and if determined probable the grant-date fair value of the award is recognized as expense over the period of time necessary to achieve the performance condition. If achievement of the performance condition is not probable the expense shall be recognized over the service period required for the award to vest (see example 2 below). Note that expense is to be recognized only for those awards that actually vest. As such, on the grant-date of each award NiSource estimates a forfeiture percentage for the award based on past history of forfeitures for similar awards. The estimate is adjusted should actual forfeitures occur so that upon the vesting date of the award compensation expense has been recognized and equity has been recorded only for the portion of the award that actually vests. Some awards require both the performance and service conditions to be met in order for the award to vest. In this circumstance a performance condition which is not probable to be met would result in no compensation expense being recorded for the award.

The grant-date fair value of NiSource's restricted or contingent awards is generally measured as the NiSource stock price on the date of grant multiplied by the number of shares or units to be issued. Restrictions placed on share-based compensation awards issued by NiSource generally relate to the transferability of the awards during the vesting period. The restrictions generally lapse on the date of vesting. These restrictions are not taken into account when determining the grant-date fair value of the awards as the best estimate of fair value for awards with these restrictions is the value of similar shares traded on the open market even though they are absent these restrictions. Some awards issued by NiSource, however, do not participate in dividends during the vesting period. The fair value of such awards must be adjusted from the price of NiSource shares in the open market as the price of shares traded on the market contains the assumption that the holder of the share is entitled to receive dividends associated with the stock. See below for examples of the accounting for a grant of a restricted/contingent stock award with each of the various terms discussed above.

Example 1 – Award with a Service Condition Receiving Dividends during the Vesting Period:

Scenario

NiSource issues 300,000 shares of restricted stock on January 1, 20X0 when NiSource stock is trading at $15 per share. The award contains a service condition requiring the employees receiving the award to remain employed by NiSource for 6 years in order to receive the shares. The shares accrue dividends during the vesting period which are paid out in cash to the employee. Past history shows approximately 10% of awards of this nature are forfeited.

Accounting Treatment

Given the above scenario NiSource will calculate total stock compensation expense for this award at the grant-date of $4.1 million [(300K x $15) *(1-.10)]. This amount will be recorded over the 6 year vesting period in a monthly amount of $56.3K ($4.1 million/72 months) by debiting Compensation Expense and crediting Additional Paid in Capital. To the extent actual forfeitures vary from the 10% estimate on the grant date an adjustment will be booked to both Compensation Expense and Additional Paid in Capital. This adjustment is booked as soon as information becomes available to indicate the 10% forfeiture assumption is no longer accurate and Compensation Expense over the remainder of the vesting period is adjusted so that upon vesting expense has been recorded only for that portion of the award which actually vests.

Example 2 – Award with a Service and Performance Condition Receiving Dividends during the Vesting Period:

Scenario

NiSource issues 300,000 shares of restricted stock on January 1, 20X0 when NiSource stock is trading at $15 per share. The award contains a service condition requiring the employees receiving the award to remain employed by NiSource for 6 years in order to receive the shares. The award also contains a performance condition which accelerates the vesting of the award to 3 years if the 3 year cumulative EPS for NiSource is $3 per share beginning with the date of grant. The performance condition exists only as an accelerated vesting provision. The award will vest in 6 years even if the performance condition is not met. NiSource estimates it is probable that the performance condition will be met. The shares accrue dividends during the vesting period which are paid out in cash to the employee. Past history shows no forfeitures relating to awards of this nature.

Accounting Treatment

Given the above scenario NiSource will calculate total stock compensation expense for this award at the grant-date of $4.5 million (300K x $15). As it is probable the performance condition will be met the award is assumed to vest over 3 years and therefore expense is recorded over the 3 year vesting period in the amount of $125K per month ($4.5 million/36 months) by debiting Compensation Expense and crediting Additional Paid in Capital. As dividends are paid they are recorded as a reduction of retained earnings. If during the 3 years subsequent to the award's issuance it becomes evident the performance condition will not be met and the vesting period becomes 6 years the remaining amount to be expensed will be straight-lined over the remainder of the vesting period. This change would be considered a change in estimate and prior periods would not be adjusted.

Example 3 – Award with a Service and Performance Condition, both of which must be satisfied to receive the award, Receiving Dividends during the Vesting Period:

Scenario

NiSource issues 300,000 shares of restricted stock on January 1, 20X0 when NiSource stock is trading at $15 per share. The award contains a service and performance condition in which 3 year cumulative EPS for the company must be $4 and employees must remain employed by NiSource for 3 years in order to receive the shares. NiSource estimates it is NOT probable that the performance condition will be met. The shares accrue dividends during the vesting period which are paid out in cash to the employee and are not required to be paid back if the award does not vest. Past history shows no forfeitures relating to awards of this nature.

Accounting Treatment

Given the above scenario NiSource will only record compensation expense relating to this award as dividends are paid out during the vesting period of 3 years. This charge is booked directly to expense and not to retained earnings as the likelihood of the award vesting is not probable. No additional compensation expense is recorded relating to the grant date fair value of this award as it is not probable that the performance condition will be met.

Scenario

Assume the same scenario as above; however, assume that it is now probable that the performance condition will be met over the 3 year vesting period.

Accounting Treatment

Given the above scenario NiSource will calculate total stock compensation expense for this award at the grant-date of $$4.5 million (300K x $15). As it is probable the performance condition will be met expense is recorded over the 3 year vesting period in the amount of $125K per month ($4.5 million/36 months) by debiting Compensation Expense and crediting Additional Paid in Capital. Dividends are recorded directly to Retained Earnings and are NOT recorded as additional compensation expense.

Example 4 – Award with a Service Condition which does NOT Receive Dividends during the Vesting Period:

Scenario

NiSource issues 300,000 shares of restricted stock on January 1, 20X0 when NiSource stock is trading at $15 per share. The award contains a service condition requiring the employees receiving the award to remain employed by NiSource for 6 years in order to receive the shares. The shares do NOT accrue dividends during the vesting period. Past history shows no forfeitures relating to awards of this nature.

Accounting Treatment

Given the above scenario NiSource will first calculate the present value of the dividend stream over the 6 year vesting period of the award. Assume NiSource will pay a quarterly dividend of 23 cents per share for the duration of the vesting period and a risk-free rate of 4%. Given these assumptions the present value of the dividend stream at the grant-date is $4.89. As such the grant-date fair value of the award is $3.0 million [($15 - $4.89) x 300,000]. This amount will be recorded over the 6 year vesting period in a monthly amount of $42.1K ($3.0 million/72 months) by debiting Compensation Expense and crediting Additional Paid in Capital.

Stock Options

In the past NiSource has granted non-qualified stock options to certain individuals. The option is a right to purchase NiSource stock at a specific price usually one year from the date of grant. NiSource values the award at the grant-date through the use of the Black-Scholes option pricing model and recognizes compensation expense related to the award immediately in earnings as the awards are vested immediately. If the award vested over a period of time the compensation expense would be recognized over the period of time necessary for the option to vest. On the grant-date Compensation Expense is debited with an offsetting credit to Additional Paid in Capital. The expense is not reversed even if the option is never exercised. Reversal of expense relating to stock options only occurs if the employee granted the option fails to render the requisite service to the company in order to be eligible to exercise the award.

Phantom Stock Awards

NiSource may choose to issue "phantom shares" to certain employees as a form of share-based compensation. These awards are settled in cash and therefore are classified as a liability award. Similar to the examples given for equity awards above these awards may also contain service or performance conditions and may or may not accrue dividends during the vesting period. The measurement of grant-date fair value for liability awards is performed in the same manner as for equity awards. However, the grant-date fair value of a liability award is recognized as compensation expense over the requisite service period (i.e. the vesting period) with an offsetting credit to a liability account. Additionally, a "phantom award" must be marked to market each period so that upon vesting of the award the liability recorded on the books (and corresponding expense recognized) equals the value paid out to employees. Estimated forfeitures for an award of this nature will serve to reduce compensation expense recognized at the grant-date.

Example:

Scenario

NiSource issues 300,000 phantom shares on January 1, 20X0 when NiSource stock is trading at $15 per share. The award contains a service condition requiring the employees receiving the award to remain employed by NiSource for 6 years in order to receive their payout. The shares accrue dividends during the vesting period which are paid out in cash to the employee. Past history shows no forfeitures relating to awards of this nature.

Accounting Treatment

Given the above scenario NiSource will calculate total stock compensation expense for this award at the grant-date of $4.5 million (300K x $15). This amount will be recognized over the vesting period of 6 years by debiting Compensation Expense and crediting a corresponding liability account. The award will be marked to market based on the NiSource stock price each period with adjustments recorded to Compensation Expense and the corresponding liability account each period. Upon vesting the liability is reversed and cash is paid out to the employees.

VI. AUTHORITY AND RESPONSIBILITY

- Human Resources is responsible for notifying Consolidation Accounting when a share-based award is granted for employees.
- Shareholder Services is responsible for notifying Consolidation Accounting when a share-based award is granted for non-employee directors.
- The Consolidation Accounting Manager is responsible for developing the accounting entries for each award and drafting a Controllers letter.
- The entries for each award are approved by the Assistant Controller and Controller and the Controller's letter is tben provided to the Segment Controllers
- Segment Controllers are responsible for booking the entries provided in the Controller's Letter
- Controllers Letters are updated by the Consolidation Accounting Manager anytime the circumstances surrounding an award (i.e. forfeitures, performance conditions are met/fail to be met, etc.) cause a change in the accounting
- The Accounting Research Department will provide a whitepaper outlining the proper accounting treatment for each award material to the financial statements

VII. APPENDICES

Not applicable.

NiSource

Accounting Policy Guide

Issue date: January 22, 2010
Prepared by: Doug Loudermilk
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 08.2
Subject: Paid Time Off

I. INTRODUCTION

This policy provides guidelines and procedures for compensation for future absences by NiSource and its subsidiaries, excluding accounting for Severances, Restructuring, and Change in Control.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

ASC 710-10-25-1 through ASC 710-10-24-3

An employer shall accrue a liability for employees' compensation for future absences if all of the following conditions are met:

a) The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
b) The obligation relates to rights that vest (employer has an obligation to make payment even if the employee terminates) or accumulate (earned but unused rights to compensated absences may be carried forward to subsequent period).
c) Payment of the compensation is probable.
d) The amount can be reasonably estimated.

A liability for amounts to be paid as a result of employees' rights to compensated absences shall be accrued in the year in which it is earned. For example, if a new employee receives vested rights to two-weeks' paid vacation at the beginning of their second year of employment with no pro rata payment in the event of termination during the first year, the two-weeks' vacation shall be considered to be earned by work performed in the first year and an accrual for vacation shall be required for the new employee during their first year of service.

Individual facts and circumstances must be considered in determining when non-vesting rights to compensated absences are earned by services rendered. The requirement to accrue a liability for non-vesting rights depends on whether the unused rights expire at the end of the year in which earned or accumulate and are carried forward to succeeding years, thereby increasing the benefits that would otherwise by available in subsequent periods. If the rights expire, a liability for future absences shall not be accrued at year-end because the benefits to be paid in subsequent years would not be attributable to employee services rendered in prior years.

IV. NISOURCE APPLICATION

NiSource and its subsidiaries record two paid time off provisions for compensated absences. The first provision is related to non-vesting compensated absences such as holidays, personal holidays, personal and family illnesses, military pay, etc. These absences are paid to employees and expensed as incurred because the employee is entitled to receive compensation only if they are an employee as of the date the absence is incurred. The second provision is related to vested compensated absences such as vacation, accrued vacation, and banked vacation. NiSource grants vacation on January 1 for employees whose terms and conditions of employment are not covered by a collective bargaining unit and is calculated based upon full years of service on the preceding December 31. All compensated absences are governed by Human Resources policies. NiSource grants vacation for employees whose terms and conditions of employment are covered by a collective bargaining unit in accordance with a collective bargaining agreement.

The provisions for compensated absences should be allocated and distributed in a systematic and rational manner. Each subsidiary is responsible for the manner in which these provisions are recorded.

Generally, the provisions for compensated absences are applied to all productive time recorded during the calendar year.

V. REGULATORY CONSIDERATIONS (ASC 980)
Not applicable.

VI. AUTHORITY AND RESPONSIBILITY

Accounting will monitor the balance in the non-productive time provision accounts and vacation entitlement under the authority of the Segment Controllers.

VII. APPENDICES
Not applicable.

Paid Time Off Appendix

Accounting for Gross Payroll

Company A expects annual gross payroll to be $75 million for calendar year 2010. Total compensated absences are estimated at $7.5 million for 2010 vacation entitlement (vested balance as of December 31, 2009) and $7 million for non-vested absences (holidays, personal holidays, etc).

DR-Productive Time Gross Payroll	$60.5 million	
DR-Vacation Taken (vested)	7.5 million	
DR-NPL Taken (non-vested)	7.0 million	
CR-Accrued Payroll, Net Pay, Tax Withholding		75.0 million

Company A expects its 2011 vacation entitlement to increase to $7.7 million based upon annual salary adjustments. Entries to illustrate recording the provisions for 2010 are illustrated below. The compensated absence provisions would be applied to productive time gross payroll accounts—examples would be construction work-in-progress and operation and maintenance expense. At the end of 2010, the non-vested and vested account balances are zero and $7.7 million, respectively.

DR-Productive Time Provision	$14.7 million	
CR-Vacation Provision		7.7 million
CR-NPL Provision		7.0 million

* The $14.7 million is determined by the estimated NPL to be taken of $7.0 million during 2010 plus the $7.7 million vacation entitlement estimate to be taken during 2011.

Accounting Procedures

NiSource allows employees to carry over up to 80 hours of unused vacation into the following year without management approval. Extenuating circumstances may exist beyond an employee's control that management approval would be obtained to carry over more than 80 hours. All vacation taken is paid at the employee's regular base rate of pay, exclusive of any premium or temporary upgrade rate, at the time the vacation is taken.

Additionally, employees age 45 and older are qualified to participate in the vacation banking program. After using 80 hours of their vacation grant, such employees may elect to bank up to 160 hours of unused vacation per year, up to a lifetime banking limit of 640 hours. At retirement or separation, qualified employees receive a lump-sum cash payment for their banked hours, calculated at their pay rate at the time of separation.

Both of these items require the vacation liability to be re-priced by taking into consideration annual merits and salary adjustments that occur until the vacation time is incurred.

Payroll distributes a dollar-based quarterly notification that values each business unit's vacation liability into three buckets: current year unused, subsequent year entitlement, and employee banked vacation. The values reported by Payroll are adjusted due to a one pay period lag in reporting actual vacation absence data. Each business unit analyzes the current month vacation taken by pay group and adjusts its general ledger balance for those absences not yet reported to Payroll. Each business unit would determine if an adjustment is necessary.

The Segment Controllers and Accountants will obtain the projected annual gross payroll for each business unit from the Segment Financial Planning group, will review three years of non-productive time absence data and normalize for abnormal activity incurred or due to changes in Human Resources policies, and will ensure that provision rates are timely approved and entered into the accounting systems prior to monthly labor and payroll processing.

NiSource Accounting Policy

Issue Date: April 8, 2013
Preparer: Shawn Patterson
Approver: Nick Drew

I. INTRODUCTION

This policy provides guidelines related to the proper accounting for incurred but not reported (IBNR) employee medical, dental and prescription claims for active employees.

II. SCOPE

This policy applies to medical, dental and prescription claims for active employees. Similar claims for retirees are accounted for as part of the OPEB liability (8.5). Other insurance-related IBNR reserves are covered under the scope of the NICI Insurance Reserves Policy (9.3).

III. GAAP GUIDANCE

Recognition and Measurement of Claims Liabilities

ASC 450-20-25-2 requires accrual of a liability if both of the following conditions are met:

1. Information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements.

2. The amount of the loss can be reasonably estimated.

ASC 450-20 also states if some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount shall be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range shall be accrued

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

To the extent IBNR reserves are recoverable through an approved rate order; such losses may be deferred as regulatory asset. As regulatory treatment for losses varies by company / jurisdiction, such determinations will be the responsibility of the legal / regulatory departments of the impacted company.

V. NISOURCE APPLICATION

Annual True-Up Process

NiSource's policy is to assume the IBNR claims activity for the month of December is approximate to the average monthly claim activity throughout the preceding 12 months. Annually in Q4, NiSource adjusts the IBNR liability based on the current year claim activity (medical, dental and prescription). The annual true-up process consists of the following steps:

1. Obtain 12 months of PBS and RMBS reports from NiSource Benefits department. These reports present claims paid in a given month, hy company, by plan. These reports are prepared by a third party (Aon Hewitt) and are maintained by the NiSource Benefits department.
    - Given that the calculation is performed in November each year, 12 months of activity consists of November (prior year) through October (current year)
2. Consolidate rolling 12 months of PBS and RMBS reports. Adjust PBS (includes active and retired employees) claims activity by subtracting RMBS (retirees only) claims activity to determine the total active claims. Perform this consolidation and calculation separately for medical, dental and prescription activity.
3. Calculate the average monthly activity for each type of claim. This result represents an estimate of the liabilities that have been incurred by NiSource but have not yet been reported/ processed as of the balance sheet date. This balance also represents the new IBNR liability to be booked to account number 304221242: *Health & Benefit Obligation.*
4. The average monthly activity calculated in Step 3 above is then inflated by one month to account for the inflation of medical-related costs. The inflation rate is obtained from the Bureau of Labor Statistics website, and divided by 12 to arrive at the inflation for one month.

5. Obtain the most recent active medical, dental and prescription active member headcount by company from NiSource Benefits department. Use data to calculate allocation ratio by determining each company's percentage of total active participants.
6. Multiply the balance calculated in step 4 by the company percentages determined in step 5. Compare the allocated balances to the prior year's allocated obligation. The difference between the current and prior periods represents the current year's adjustment to be booked during November's month-end close. This adjustment, including general ledger accounts and amounts, is communicated to the business units through a controller's letter.

VI. AUTHORITY AND RESPONSIBILITY

The annual IBNR calculation is performed by a member of accounting research or financial reporting. The calculation is then reviewed by the Accounting Research Manager and Director of Accounting Research/ Financial Reporting prior to distribution. Business unit accounting representative are responsible for recording the information contained within the controller's letter as part of November's month end close.

VII. APPENDICES

None

NiSource™

Accounting Policy

Issue date: July 23, 2010
Prepared by: Doug Loudermilk
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 1.3
Subject: Accounting for gross annual incentive bonus, profit sharing, and spot awards

I. INTRODUCTION

This policy provides guidelines in determining accounting treatment for the NiSource annual incentive bonus, profit sharing, and spot awards.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

ASC 450-20 states the treatment of loss contingencies where the underlying causal event has occurred before the balance-sheet date depends on two determinations:

An estimated loss from a loss contingency shall be accrued by a charge to income if both of the following conditions are met:

a. Information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. Date of the financial statements means the end of the most recent accounting period for which financial statements are being presented. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss.

b. The amount of loss can be reasonably estimated.

The guidance in ASC 270-10-45-9 through 45-10 should be considered when allocating bonuses to interim periods. Costs should be allocated so that each interim period bears a reasonable portion of the annual expense. In the case of a bonus that is determined by reference to a target such as net income, the bonus should not be accrued in proportion to achievement of the target. For example, seasonal businesses should not record a larger bonus expense in periods with high net income and smaller expense in periods with low net income.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

The guidance in ASC 330-10-30 states that other employee benefit costs, such as profit-sharing and stock bonus plans may be included as an inventory cost. This is analogous to Electric Gas Plant Instructions included in Part 101 and Gas Plant Instructions included in Part 201 of the Code of Federal Regulations stating "The cost of construction properly includable in the gas plant accounts shall include, where applicable, direct and overhead costs, including pay and expenses of employees of the utility engaged on construction work."

V. NISOURCE APPLICATION

NiSource Corporate Accounting provides the monthly expense to be recorded for the corporate incentive and profit-sharing programs. The monthly accrual is based upon NiSource's projected operating earnings at any point in time. The business units determine the appropriate capital and operating expense treatment.

NiSource employees may also earn a spot award for the demonstration of superior performance based upon Quality Improvement, Customer Satisfaction, Significant Cost Savings, Teamwork, Significant Process Improvement, or Achievement above and beyond normal responsibilities. Employees are nominated for such award by either direct leadership or leaders from another part of the organization. Justification is required for a spot award. As such, expense is recorded as incurred.

NiSource includes the costs associated with the gross annual incentive bonus and profit sharing as Payroll Expense, Net within the Statement of Consolidated Income. Spot awards are included in Other O&M within the Statement of Consolidated Income.

VI. AUTHORITY AND RESPONSIBILITY

- The NiSource Officer Nomination and Compensation Committee of the Board of Directors of the Corporation defines the basic terms and conditions under which incentive compensation will be paid under the Corporate Incentive Plan.
- NiSource Corporate Incentive Plan and Retirement Savings Plan Profit Sharing expense accruals are provided by Corporate Accounting through issuance of Controller Letters.
- Based upon NiSource and Segment performance, Corporate Accounting determines the eligible incentive payout for each business segment and provides this information to Human Resources to determine the amounts that will be distributed to employees that have participated in the Corporate Incentive Plan for the performance year.
- Spot awards are recorded based upon monthly Other Earnings Report distributed by the Payroll Department
- Ultimate approval of the classification of incentives (i.e. capitalized portion) is performed by the Segment Controllers

VII. APPENDICES

N/A

NiSource™

Accounting Policy

Issue date: 8/31/10
Prepared by: Matt Harris
Approved by:
Reference No.
Subject: Accounting for Pension and OPEB Plans

I. INTRODUCTION

This policy addresses the accounting for defined benefit pension and OPEB plans as well as defined contribution plans, all of which are offered by NiSource.

II. SCOPE

This policy applies to each of NiSource's business units that have employees participating in defined benefit, defined contribution and OPEB plans.

III. GAAP GUIDANCE

The accounting entries required to account for defined benefit pension and OPEB plans are primarily determined via actuarial calculation. The following is the relevant guidance relating to defined benefit pension and OPEB accounting found within the FASB codification, primarily ASC 715-30.

Recognition of Liabilities and Assets

If the projected benefit obligation (PBO) exceeds the fair value of plan assets, the employer shall recognize a liability on the balance sheet equal to the unfunded projected benefit obligation. The portion of the liability expected to be paid over the next twelve months should be classified as current with the remaining liability classified as long-term.

If the fair value of plan assets exceeds the projected benefit obligation, the employer shall recognize an asset on the balance sheet that equals the overfunded projected benefit obligation. The entire amount of any asset recorded should be classified as long-term. Overfunded plans are not to be netted with underfunded plans in recognizing the associated assets or liabilities on the balance sheet.

The offset to the change in funded status of a plan recognized as an asset or liability on the balance sheet should be recorded in accumulated other comprehensive income.

An entity is generally required to measure its benefit obligations at the end of its annual reporting period. However, an entity may be required to remeasure both plan assets and benefit obligations at an interim period. Items that may trigger a remeasurement include plan amendments, settlements, curtailments, or in some instances changes in legislation.

Upon remeasurement, a business entity shall adjust its balance sheet to reflect the overfunded or underfunded status of the plan consistent with that measurement date.

Net Periodic Pension/Benefit Cost

All of the following components shall be included in the net pension cost recognized for a period by an employer sponsoring a defined benefit pension plan:

a. Service cost

b. Interest cost

c. Actual return on plan assets, if any

d. Amortization of any prior service cost or credit included in accumulated other comprehensive income

e. Gain or loss which includes, to the extent recognized, amortization of the net gain or loss included in accumulated other comprehensive income

f. Amortization of any net transition asset or obligation remaining in accumulated other comprehensive income.

The above six components of net periodic pension cost are defined in Appendix I. Service cost, interest cost, and the actual return are included in benefit cost for the period while the remaining three components influence the funded status of the plan, are recorded in accumulated other comprehensive income and are amortized through various methods described in Appendix I.

Assumptions

The accounting guidance requires an explicit approach to assumptions. That is, each significant assumption used shall reflect the best estimate solely with respect to that individual assumption. All assumptions shall presume that the plan will continue in effect in the absence of evidence that it will not continue. Actuarial assumptions reflect the time value of money (discount rate) and the probability of payment (assumptions as to mortality, turnover, early retirement, and so forth).

Settlements

A settlement is a transaction that results in an irrevocable action that relieves the employer (or the plan) of primary responsibility for a pension or postretirement benefit obligation, and eliminates significant risks related to the obligation and the assets used to effect the settlement. Examples of transactions that may result in a settlement include:

- Lump sum cash payments in exchange for specified pension benefits
- Annuity contracts purchased to cover vested benefits

The maximum gain or loss subject to recognition in earnings when a pension obligation is settled is the net gain or loss remaining in accumulated other comprehensive income plus any transition asset remaining in accumulated other comprehensive income. That maximum amount includes any gain or loss first measured at the time of settlement. The maximum amount shall be recognized in earnings if the entire projected benefit obligation is settled. If only part of the projected benefit obligation is settled, the employer shall recognize in earnings a pro rata portion of the maximum amount equal to the percentage reduction in the projected benefit obligation.

Plan assets and the projected benefit obligation shall be measured as of the date the settlement occurs (that is, as of the date that the criteria for a settlement are met and settlement accounting becomes appropriate, see following paragraph) to determine the maximum gain or loss subject to pro rata recognition in earnings and the percentage reduction in the projected benefit obligation.

Recognition in earnings of gains or losses from settlements is required if the cost of all settlements during a year is greater than the sum of the service cost and interest cost components of net periodic pension cost for the pension plan for the year. However, if the cost of all settlements in a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year, gain or loss recognition in earnings is permitted but not required for those settlements. The accounting policy adopted for recognition in earnings of gains or losses from settlements shall be applied consistently from year to year.

Curtailments

A curtailment is an event that significantly reduces the expected years of future service of present employees or eliminates for a significant number of employees the accrual of defined benefits for all or some of their future service.

The prior service cost included in accumulated other comprehensive income associated with years of service no longer expected to be rendered as the result of a curtailment is a loss. For example, if a curtailment eliminates half of the estimated remaining future years of service of those who were employed at the date of a prior plan amendment and were expected to receive benefits under the plan, then the loss associated with the curtailment is half of the prior service cost included in accumulated other comprehensive income related to that amendment that has not been amortized as a component of net periodic pension cost. For purposes of applying the provisions of this paragraph, prior service cost includes the cost of retroactive plan amendments and any transition obligation remaining in accumulated other comprehensive income.

The projected benefit obligation, exclusive of increases that reflect termination benefits that are excluded from the scope of this paragraph, may be decreased (a gain) or increased (a loss) by a curtailment. To the extent that such a gain exceeds any net loss included in accumulated other comprehensive income (or the entire gain, if a net gain exists), it is a curtailment gain. To the extent that such a loss exceeds any net gain included in accumulated other comprehensive income (or the entire loss, if a net loss exists), it is a curtailment loss. For purposes of applying the provisions of this paragraph, any transition asset remaining in accumulated other comprehensive income shall be treated as a net gain and shall be combined with the net gain or loss arising thereafter.

A net curtailment loss shall be recognized in earnings when it is probable that a curtailment will occur and the loss is reasonably estimable. A net curtailment gain shall be recognized in earnings when the related employees terminate or the plan suspension or amendment is adopted.

Capitalization

The guidance in ASC 330-10-30 states that other employee benefit costs may be included as an inventory cost. This is analogous to Gas Plan Instructions included in Part 201 of the Code of Federal Regulations states "The cost of construction property includable in the gas plant accounts shall include, where applicable, direct and overhead costs, including pay and expenses of employees of the utility engaged on construction work."

Disclosures

See Appendix IV.

Defined Contribution Plans

To the extent a plan's defined contributions to an individual's account are to be made for periods in which that individual renders services, the net pension or other postretirement benefit cost for a period shall be the contribution called for in that period. If a plan calls for contributions for periods after an individual retires or terminates, the estimated cost shall be accrued during the employee's service period.

An employer shall disclose the amount of cost recognized for defined contribution pension plans and for other defined contribution postretirement benefit plans for all periods presented separately from the amount of cost recognized for defined benefit plans. The disclosures shall include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

The following is the guidance relating to pension benefits as they apply to rate-regulated entities:

Postretirement Pension Cost (ASC 980-715-25)

Regulatory Assets and/or Liabilities may be recognized when accounting for pension and OPEB plans provided the conditions outlined in accounting policy number___, Regulatory Assets/Liabilities, are met.

Examples of Pension and OPEB applicable regulatory treatment could include, but are not limited to, the following:

- Cash basis reporting – where expense is recognized when the plans are funded, therefore the timing of the expense/income accrual is deferred to a regulatory asset/liability
- Regulatory Trackers – where expense/income is deferred to a regulatory asset/liability with the income statement recognition corresponding with the recovery in revenue
- Adoption of new accounting standard – where regulatory treatment is required or approved by the regulator

V. NISOURCE APPLICATION

NiSource has several defined benefit pension and postretirement plans as well as defined contribution plans which must be accounted for in accordance with the guidance set forth above.

Actuarial Calculation and Financial Reporting

NiSource utilizes Hewitt Associates LLC (Hewitt) as the Company's third party actuary for the purpose of performing the actuarial analysis of the company's defined benefit plans. Hewitt provides a report to the Company as of December 31 (i.e. the Company's fiscal year end) each year which details the funded status of each of NiSource's pension plans by company. The report is provided in early to mid-January and is used to adjust the company's pension assets and liabilities at year-end. It should be noted that Hewitt calculates the PBO/APBO of each NiSource benefit plan on a plan by plan basis. Hewitt then allocates asset amounts to each company within each plan using a methodology established through consultation with the company.

In performing its actuarial analysis Hewitt uses assumptions regarding the discount rate, rate of compensation increases, expected long-term rate of return on plan assets, retirement age of plan participants, mortality rates, and other assumptions. On an annual basis, in approximately December, Hewitt meets with members of the NiSource Accounting Research Department as well as the Treasury Department in order to establish the assumptions to be utilized in the following year's actuarial analysis. At this meeting the NiSource Treasury Department presents to Hewitt an analysis which arrives at a suggested long-term rate of return on plan assets. This analysis includes both historical returns as well as projected future returns provided by a third party consultant. Hewitt provides knowledge on long-term rates of return generally accepted in the current market which is used in establishing rates at NiSource. In addition Hewitt provides its calculation of the discount rate which is based on the top quartile of Aa rated corporate bonds. This methodology is applied consistently from year to year. Assumptions regarding mortality, retirement age of participants, etc. are also discussed at this meeting and formulated in accordance with the requirements of the accounting literature presented earlier in this policy.

Subsequent to providing the report indicating the funded status of the plans at year-end Hewitt then provides a more detailed actuarial report which contains the information required for the disclosures to be contained in NiSource's 10-K regarding the company's defined benefit pension and postretirement plans.

Settlements and curtailments are also determined actuarially by Hewitt. The accounting literature requires consistent application of the accounting policy adopted for recognition in earnings of gains or losses from settlements. NiSource has consistently chosen not to recognize in earnings the gains or losses arising from settlements the sum of which is less than the sum of service cost and interest cost.

NiSource also accounts for its defined contribution plans in accordance with the guidance set forth above and monitors the activity of the plans to determine whether the administration of the plans requires any additional disclosures each accounting period. It should be noted that accounting for defined contribution plans does not require an actuarial calculation as all investment risk resides with the employee/retiree. As such, NiSource records liabilities for employer contributions to its defined contribution plans in the same manner as for other payroll accruals.

VI. AUTHORITY AND RESPONSIBILITY

Formulation of the key assumptions to be used in the actuarial determination of the funded status of each NiSource defined benefit plan is the responsibility of the Accounting Research Department, along with input from the Benefits and Finance group.

Accounting Research is also responsible for interpreting the information provided by Hewitt and formulating a Controller's Letter which contains the appropriate entries to be recorded for pension/OPEB expense. The Controller's Letter is generally sent out annually to each business unit unless a remeasurement of the plan liability/asset is performed during an interim period. See Appendix III for an example Controller's Letter.

Accounting Research also performs a quarterly reconciliation of pension expense and an annual reconciliation of the asset/liability for each defined benefit plan, by company. See Appendix II for an example of this reconciliation.

Business Unit Controller's are ultimately responsible for the accuracy of the entries related to pension and OPEB accounting.

Corporate Accounting is responsible for recording the entries related to NiSource's defined contribution plans in accordance with the accounting literature above.

Financial Reporting is responsible for ensuring the required disclosures are included within the appropriate SEC filings.

VII. APPENDICES

Appendix I – Key Terms Defined

Appendix II – Example Pension/OPEB Expense reconciliation

Appendix III – Example Controller's Letter

Appendix IV – Disclosure Requirements

Appendix I: Key Terms Defined

- ***Accumulated Benefit Obligation (ABO)*** – The actuarial present value of pension benefits attributed by the pension benefit formula to employee service rendered before a specified date.

- ***Accumulated Postretirement Benefit Obligation (APBO)*** – The actuarial present value of OPEB benefits attributed by the OPEB benefit formula to employee service rendered before a specified date.

- ***Corridor Method*** – Method utilized for amortizing the net gain/loss each period related to pension benefits. The amount of amortization to be recognized in net periodic pension cost for a given year is the gain/loss that exceeds 10% of the greater of the **projected benefit obligation** and the value of plan assets. If required, the minimum amortization is equal to the excess of the gain/loss over 10% of either the projected benefit obligation or value of plan assets, divided by the average remaining service period of active employees receiving benefits under the plan. If nearly all participants in a plan are inactive, average remaining life expectancy may be used instead of the average remaining service period.

- ***Curtailment*** – An event that significantly reduces the expected years of future service of present employees or eliminates for a significant number of employees the accrual of defined benefits for some or all of their future services.

- ***Defined Benefit Plan*** – A plan that defines an amount of pension benefit to be provided which is usually a function of one or more factors such as age, years of service, or compensation.

- ***Defined Contribution Plan*** – A plan in which the amount of the employer's contribution is specified. Individual accounts are generally set-up for participants and benefits are based on the amounts credited to these accounts through both employer and often employee contributions.

- ***Discount Rate*** – The discount rate used in the actuarial calculation should reflect the rates at which pension benefits could be effectively settled. Employers should look to available information about rates implicit in current prices of annuity contracts that could be used to effectively settle the obligation. Employers may also look to rates of return on high-quality fixed-income investments currently available and expected to be available in the period to maturity of the pension benefits.

- ***Expected Long-Term Rate of Return on Plan Assets*** – This assumption is used in the actuarial calculation of **net periodic benefit cost** and should reflect the average rate of earnings expected on the funds to be invested to provide for the benefits included in the **projected benefit obligation.**

- ***Funded Status*** – A plan is considered to be underfunded when the benefit obligation is greater than the plan assets, while a plan is considered overfunded when the plan assets are greater than the benefit obligation.

- ***Gains/Losses*** – These consist of changes in the **projected benefit obligation** or plan assets resulting from experience different than anticipated or changes in actuarial assumptions. These amounts are recorded initially in accumulated other comprehensive income and amortized using the 10% **corridor method** defined above.

- ***Interest Cost*** – Interest on the **projected benefit obligation**, which is a discounted amount. Measuring the projected benefit obligation as a present value requires accrual of an interest cost at rates equal to the assumed discount rate.

- ***Net Periodic Benefit Cost*** – The amount recognized in an employer's financial statements as the cost of a pension or OPEB plan for a period. Components of net periodic benefit cost are **service cost, interest cost**, actual return on plan assets, **gain or loss**, amortization of unrecognized **prior service cost**, and amortization of the unrecognized **transition obligation.**

- ***Other Postretirement Benefit Plans (OPEB Plans)*** – A plan that provides for benefits other than pensions, such as medical or life insurance benefits.

- ***Prior Service Cost*** – Costs created by the adoption of a new plan and/or plan amendments. Plan amendments often include provisions that grant increased benefits based on service rendered in prior periods. This amount is recorded in accumulated other comprehensive income and amortized over the remaining service period of the employees receiving the benefits. If most a plan's participants are inactive, the amount may be amortized over the remaining life expectancy of the participants instead.

- ***Project Benefit Obligation (PBO)*** – The actuarial present value as of a date of all benefits attributed by the benefit formula to employee service rendered prior to that date. The PBO is measured using an assumption as to future compensation levels if the benefit formula is based on those future compensation levels.

- ***Service Cost*** – The actuarial present value of benefits attributed by the plan's benefit formula to services rendered by employees during the period.

- ***Settlement*** – An irrevocable action that relieves the employer (or the plan) of primary responsibility for a pension or postretirement benefit obligation, and eliminates significant risks related to the obligation and the assets used to effect the settlement.

- ***Transition Obligation*** – The amount recorded in accumulated other comprehensive income related to the adoption of SFAS 87. These amounts are amortized out of accumulated other comprehensive income over the average remaining service period of the employees receiving benefits in a particular plan.

Pension Expense Testing
12/31/09

2) Savings Restoration Plan company contribution

1) ACTUAL QUALIFIED CASH CONTRIBUTION PAYMENT MADE IN AUGUST 2009 AS A REDUCTION TO THE 131015182

	Annual Expense per Controller's Letter	CL #8 2009 Exp	Pension Expense Per Hyperion Acct. #606000000 12/31/2009	Variance	Pension Restoration Pymt	Regulatory Asset\Liability (cash basis)	Cash Contributions Cash Basis	Reduction Due to Restructuring	Variance	Reconciliation Provided By:
	1.00									
NSI058.PADJ	50,286	50,286	50,286	-					-	
NCS012.PADJ	17,163,669	17,163,669	17,163,661	(8)					(8)	
NET078.PADJ	128,724	128,724	128,724	-					-	
NIPSCO	60,870,709	60,870,709	60,409,911	(460,798)				456,302	(4,496)	Shirley Rippy
BSG066.PADJ	8,145,972	8,145,972	8,145,972	-					-	
NUR218.PADJ	485,293	485,293	485,293	-					-	
PRIMCON_C	101,135	101,135	101,136	1					1	
CRD044.PADJ	15,024	15,024	15,024	-					-	
EUSACONS	341,150	341,150	341,150	-					-	
KGL064.PADJ	417,247	417,247	417,257	10					10	
NIFLCONS	414,872	414,872	415,435	563					563	pass
CEG011.PADJ	1,585,503	1,585,503	1,585,503	-					-	
REM054.PADJ	-	-	25	25					25	
CGT014.PADJ/G										
TS082.PADJ	2,555,738	2,555,738	508,799	(2,046,939)	(489,449)	2,555,738	(19,350)		-	G. Shoemaker
CKY032.PADJ	1,313,813	1,313,813	1,352,980	39,167	(39,167)				-	J. Eing
COHCONS	11,321,580	11,321,580	12,373,311	1,051,731		(1,051,731)			-	J. Eing
CMD035.PADJ	375,201	375,201	375,201	-					-	
CES015.PADJ	119,835	119,835	119,835	-					-	
CVA038.PADJ	1,874,596	1,874,596	1,874,596	-					-	
TCO051.PADJ	14,702,814	14,702,814	3,094,265	(11,608,549)	(3,001,329)	14,702,814	(78,994)		13,942	G. Shoemaker
CPA037.PADJ	4,980,713	4,980,713	963,041	(4,017,672)		4,980,713	(963,041)		-	J. Eing
CMW057.PADJ	29,416	29,416	29,416	-					-	
Total	126,993,290	126,993,290	109,950,821	(17,042,469)	(3,529,945)	21,187,534	(1,061,385)	456,302	10,037	

Notes>

3) ACTUAL QUALIFIED CASH CONTRIBUTION PAYMENT MADE IN AUGUST 2009 AS A REDUCTION TO THE 131015182

NiSource Inc.
Annual 2010 Expense With 12/31/2009 Measurement Date

	DR (CR) PENSION EXPENSE (1)		DR (CR) PENSION EXPENSE (1)			DR (CR) OPEB EXPENSE (1)		DR (CR) OPEB EXPENSE (1)		
	Pension Expense acct #:	606000000 *	Pension Expense acct #:	606000000 *		OPEB Expense acct #	602020000 *	OPEB Expense acct #	602020000 *	
	OFFSET - PENSION LIABILITY OR ASSET (2)		OFFSET - ACCUM OCI OR OCI REG ASSET (3)			OFFSET - OPEB LIABILITY OR ASSET (4)		OFFSET - ACCUM OCI OR OCI REG ASSET (5)		
	Pension Liability - Qualified acct #:	361816253	Accumulated OCI - Pension acct #:	970210000		OPEB Liability acct #:	361310253	Accumulated OCI - OPEB acct #:	970232000	
	Pension Liability - Nonqualified acct #:	361811253	FAS 158 Pension OCI Regulatory Asset acct #:	131016182		OPEB Asset acct #:	133102182	FAS 158 OPEB OCI Regulatory Asset acct #:	131006182	
	Pension Asset acct #:	133110186	FAS 158 Pension OCI Regulatory Liability acct #:	361706254				FAS 158 Pension OCI Regulatory Liability acct #:	361707254	
	Qualified Pension	Nonqualified Pension	Qualified Pension	Nonqualified Pension	Pension Total	Retiree Medical	Retiree Life Insurance	Retiree Medical	Retiree Life Insurance	OPEB Total
Company 12	4,087,831	2,036,629	4,398,452	1,599,607	12,122,519	2,553,512	79,958	268,028	(56,388)	2,845,110
NIPSCO Salaried	461,670	10,425	13,740,590	1,063	14,213,747	4,480,702	780,218	656,981	99,264	6,017,165
NIPSCO Union	2,039,766	0	22,494,966	0	24,534,732	16,085,933	681,687	2,174,325	81,320	19,023,265
NIPSCO Total	2,501,436	10,425	36,235,556	1,063	38,748,479	20,566,635	1,461,905	2,831,306	180,584	25,040,430
Primary Energy	(10,603)	0	29,678	0	19,075	41,195	4,212	10,684	(2,313)	53,778
TPC/Energy USA	217,723	0	103,240	0	320,963	40,445	4,684	14,899	20	60,048
Energy Technology	17,762	0	67,187	0	84,949	16,950	2,478	3,233	(1,226)	21,435
NSI: NiSource Divested	(5,530)	0	15,479	0	9,949	0	0	0	0	0
Columbia Gas Transmission	3,266,518	20,603	4,519,428	12,604	7,819,152	(1,862,633)	(302,080)	341,227	32,392	(1,791,094)
NiSource Gas Trans & StorageCo	658,565	42,273	718,436	3,680	1,422,954	1,058,069	(73,014)	53,138	7,227	1,045,420
Columbia Gas of Kentucky	438,386	388	415,120	255	854,148	388,335	(25,613)	36,622	3,684	403,028
Columbia Gas of Ohio	2,849,742	32,441	4,100,350	8,591	6,991,124	536,053	(262,481)	291,683	30,626	595,881
Columbia Gas of Maryland	134,743	0	112,855	0	247,598	98,510	(643)	10,037	697	108,601
Columbia Gas of Pennsylvania	1,671,523	0	1,608,728	0	3,280,251	539,141	2,593	96,386	7,918	646,038
Columbia Gas of Virginia	693,196	3,203	575,374	1,035	1,272,808	506,955	(14,728)	34,639	3,033	529,899
CNS Microwave	10,356	0	2,047	0	12,403	6,048	(209)	258	15	6,112
Crossroads	10,313	0	3,649	0	13,962	2,962	258	463	127	3,810
Columbia Energy Services	(29,576)	1,613	72,766	1,060	45,863	13,804	(4,366)	775	302	10,515
Columbia Divested	(337,694)	3,198	866,724	2,102	534,330	812,434	(85,566)	45,243	5,995	778,106
Bay State (Massachusetts) - Union	2,098,864	0	2,754,014	0	4,852,878	15,029	28,856	1,288,656	50,912	1,383,453
Bay State (Massachusetts) - Nonunion	352,545	152,503	967,501	49,751	1,522,300	871,759	55,733	771,894	38,685	1,738,071
Bay State (Massachusetts) Total	2,451,409	152,503	3,721,515	49,751	6,375,178	886,788	84,589	2,060,550	89,597	3,121,524
NUR: Northern Utilities - Union	(7,342)	0	63,087	0	55,746	(27,840)	1,839	89,947	2,287	66,233
NUR: Northern Utilities - Nonunion	(41,550)	0	137,758	0	96,208	107,534	7,235	56,121	8	170,898
Northern Utilities Total	(48,892)	0	200,845	0	151,953	79,694	9,074	146,068	2,295	237,131
NSI: Granite - Union	(454)	0	3,902	0	3,448	(813)	90	2,627	112	2,016
NSI: Granite - Nonunion	(6,722)	0	22,539	0	15,817	11,395	831	5,955	0	18,181
Granite Total	(7,176)	0	26,442	0	19,265	10,582	921	8,582	112	20,197
NIFL	117,304	0	166,296	0	283,600	277,992	20,728	82,285	11,046	392,051
Kokomo - Union	151,948	0	85,420	0	237,368	62,614	0	40,807	0	103,421
Kokomo - Nonunion	(3,717)	0	86,102	0	82,385	39,491	4,450	36,952	2,642	83,535
Kokomo Total	148,231	0	171,523	0	319,753	102,105	4,450	77,759	2,642	186,956
Grand Total	18,835,567	2,303,276	58,131,688	1,679,747	80,950,278	26,675,576	907,150	6,413,865	318,385	34,314,976

* Some companies may be able to collect these charges and therefore will charge the expense to a regulatory asset account.

(1) If the below amount is positive it will be a debit to expense, if the below amount is negative it will be a credit to expense

(2) If the entity's balance sheet contains a pension liability balance use the pension liability account for the offset, if the entity's balance sheet contains a pension asset balance use the pension asset account for the offset.

An entity may have a qualified pension asset and also a nonqualified pension liability balance on it's balance sheet. The pension asset account would be used for the

(3) If the entity's has an AOCI balance on it's balance sheet due to the SFAS 158 entries, use the Accum. OCI -Pension account for the offset, if the entity has a OCI regulatory asset/liability on it's balance sheet due to the SFAS 158 entries, use the FAS 158 Pension OCI Regulatory Asset/Liability account for the offset.

(4) If the entity's balance sheet contains an OPEB liability balance use the OPEB liability account for the offset, if the entity's balance sheet contains an OPEB asset balance use the OPEB asset account for the offset.

(5) If the entity's has an AOCI balance on it's balance sheet due to the SFAS 158 entries, use the Accum. OCI -OPEB account for the offset, if the entity has a OCI regulatory asset/liability on it's balance sheet due to the SFAS 158 entries, use the FAS 158 OPEB OCI Regulatory Asset/Liability account for the offset.

Appendix IV: Disclosures for Defined Benefit Plans (ASC 715-20-50)

An employer that sponsors one or more defined benefit pension plans or one or more defined benefit other postretirement plans shall provide the following information, separately for pension plans and other postretirement benefit plans. Amounts related to the employer's results of operations shall be disclosed for each period for which a statement of income is presented. Amounts related to the employer's statement of financial position shall be disclosed as of the date of each statement of financial position presented. All of the following shall be disclosed:

a. A reconciliation of beginning and ending balances of the benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:

1. Service cost
2. Interest cost
3. Contributions by plan participants
4. Actuarial gains and losses
5. Foreign currency exchange rate changes
6. Benefits paid
7. Plan amendments
8. Business combinations
9. Divestitures
10. Curtailments, settlements, and special and contractual termination benefits.

For defined benefit pension plans, the benefit obligation is the projected benefit obligation. For defined benefit other postretirement plans, the benefit obligation is the accumulated postretirement benefit obligation.

b. A reconciliation of beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following:

1. Actual return on plan assets
2. Foreign currency exchange rate changes
3. Contributions by the employer
4. Contributions by plan participants
5. Benefits paid
6. Business combinations
7. Divestitures
8. Settlements.

c. The funded status of the plans and the amounts recognized in the statement of financial position, showing separately the assets and current and noncurrent liabilities recognized.

d. The following information about plan assets:

1. For each major category of plan assets, which shall include, but is not limited to, equity securities, debt securities, real estate, and all other assets, the percentage of the fair value of total plan assets held as of the measurement date used for each statement of financial position presented

2. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages for each major category of plan assets presented on a weighted-average basis as of the measurement date(s) of the latest statement of financial position presented, if applicable, and other factors that are pertinent to an understanding of the policies or strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations

3. A narrative description of the basis used to determine the overall expected long-term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined

4. Disclosure of additional asset categories and additional information about specific assets within a category is encouraged if that information is expected to be useful in understanding the risks associated with each asset category and the overall expected long-term rate of return on assets.

e. For defined benefit pension plans, the accumulated benefit obligation.

f. The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits shall be estimated based on the same assumptions used to measure the entity's benefit obligation at the end of the year and shall include benefits attributable to estimated future employee service.

g. The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining all of the following:

1. Contributions required by funding regulations or laws

2. Discretionary contributions

3. Noncash contributions.

h. The amount of net benefit cost recognized, showing separately all of the following:

1. The service cost component

2. The interest cost component

3. The expected return on plan assets for the period

4. The gain or loss component

5. The prior service cost or credit component

6. The transition asset or obligation component

7. The gain or loss recognized due to settlements or curtailments.

i. Separately the net gain or loss and net prior service cost or credit recognized in other comprehensive income for the period, and reclassification adjustments of other comprehensive income for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost.

j. The amounts in accumulated other comprehensive income that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

k. On a weighted-average basis, all of the following assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:

1. Assumed discount rates

2. Rates of compensation increase (for pay-related plans)

3. Expected long-term rates of return on plan assets.

l. The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges), and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved.

m. The effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on the aggregate of the service and interest cost components of net periodic postretirement health care benefit costs and the accumulated postretirement benefit obligation for health care benefits. Measuring the sensitivity of the accumulated postretirement benefit obligation and the combined service and interest cost components to a change in the assumed health care cost trend rates requires remeasuring the accumulated postretirement benefit obligation as of the beginning and end of the year. (For purposes of this disclosure, all other assumptions shall be held constant, and the effects shall be measured based on the substantive plan that is the basis for the accounting.)

n. If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period.

o. If applicable, any alternative method used to amortize prior service amounts or net gains and losses.

p. If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

q. If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.

r. An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by the accounting guidance.

s. The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation.

t. The amount and timing of any plan assets expected to be returned to the employer during the 12-month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented.

The required disclosures outlined above shall be aggregated for all of an employer's defined benefit pension plans and for all of an employer's other defined benefit postretirement plans unless disaggregating in groups is considered to provide useful information.

Disclosures about pension plans with assets in excess of the accumulated benefit obligation generally may be aggregated with disclosures about pension plans with accumulated benefit obligations in excess of assets. The same aggregation is permitted for other postretirement benefit plans. If aggregate disclosures are presented, an employer shall disclose both of the following:

a. The aggregate benefit obligation and aggregate fair value of plan assets for plans with benefit obligations in excess of plan assets as of the measurement date of each statement of financial position presented

b. The aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets.

NiSource™

Accounting Policy

Issue date: 9/28/2010
Prepared by: Nick Bly
Approved by: Tim Bucci
Reference No. 001
Subject: Accounting for Workers Compensation Incurred But Not Reported (IBNR) Claims

I. INTRODUCTION

This policy provides guidelines in determining accounting treatment for the IBNR accrual for workers compensation.

II. SCOPE

Policy is applicable to NiSource Insurance Corporation, Inc. (NICI). The other subsidiary companies do not record an accrual. Subsequent to July 1, 2004, all NiSource companies began paying a premium to NICI for Workers Compensation and do not record an IBNR accrual. The IBNR accrual will only be on NICI's books. Claims relating to an injury prior to July 1, 2004 are immaterial to the financial statements and are expensed as incurred.

III. GAAP GUIDANCE

ASC 450-20 states the treatment of loss contingencies where the underlying causal event has occurred before the balance-sheet date depends on two determinations:

An estimated loss from a loss contingency shall be accrued by a charge to income if both of the following conditions are met:

a. Information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. Date of the financial statements means the end of the most recent accounting period for which financial statements are being presented. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss.

b. The amount of loss can be reasonably estimated.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

No regulatory impact.

V. NISOURCE APPLICATION

Expenses related to workers' compensation claims are both probable and estimable based on historical claims data and current trends. Therefore, since NiSource is self-insured for workers' compensation claims in Indiana and Ohio, and insured through large deductible insurance policies in all other states, NiSource books an accrual for incurred but not reported (IBNR) claims in order to record expense in the appropriate period.

NICI tracks claims data by way of a Risk Management Information System (Riskonnect); data is entered via data feeds from the Third Party Plan Administrator. Claims data is provided to an actuary firm that determines the appropriate IBNR accrual based on historical claims data and future estimates. The IBNR accrual is adjusted yearly, typically a few months prior to year end. The accrual is recorded to account 361100253 'Outstanding Loss Reserves & Loss Claims'. Account 361100253 is comprised of two components, IBNR and specific claims. As additional specific claims are identified throughout the year, the IBNR accrual is decreased as claims incurred but not reported have been reported and are therefore specifically identified. The total reserve balance will not decrease as the adjustment from IBNR to a specific reserve is just a reclassification. The IBNR increases each month based on the actuarial estimate of total claims to be incurred but not reported during the year (i.e. the passage of time results in more incurred but not yet reported claims). The total 'Outstanding Loss Reserves & Loss Claims' will increase if the monthly IBNR accrual exceeds the claims paid during the month, and vice versa.

VI. AUTHORITY AND RESPONSIBILITY

Corporate Insurance is responsible for setting an appropriate IBNR accrual for workers compensation based on the actuarial study.

VII. APPENDICES

N/A

NiSource™

Accounting Policy Guide

Issue date: 12/31/10
Prepared by: Mike Casey/Jeff Eing
Approved by:
Reference No.
Subject: Legal Reserve Guidance

I. INTRODUCTION

This document provides guidelines and procedures for the accrual (estimation) of liabilities related to future legal obligations including pay outs for injuries and damages.

II. SCOPE

This policy applies to all NiSource subsidiaries.

III. GAAP GUIDANCE

ASC 450-20 states the treatment of loss contingencies where the underlying causal event has occurred before the balance-sheet date depends on two determinations:

An estimated loss from a loss contingency shall be accrued by a charge to income if both of the following conditions are met:

a. Information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. Date of the financial statements means the end of the most recent accounting period for which financial statements are being presented. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss.

b. The amount of loss can be reasonably estimated.

Assessing Probability of Incurrence of a Loss

The conditions in the preceding paragraph are not intended to be so rigid that they require virtual certainty before a loss is accrued. Instead, the condition in (a) in the preceding paragraph is intended to prescribe accrual of losses that relate to future periods.

Assessing Whether a Loss Is Reasonably Estimable

The condition is intended to prevent accrual in the financial statements of amounts so uncertain as to impair the integrity of those statements.

That requirement shall not delay accrual of a loss until only a single amount can be reasonably estimated. To the contrary, when the condition is met and information available indicates that the estimated amount of loss is within a range of amounts, it follows that some amount of loss has occurred and can be reasonably estimated.

If a loss cannot be accrued in the period when it is probable that an asset had been impaired or a liability had been incurred because the amount of loss cannot be reasonably estimated, the loss shall be charged to the income of the period in which the loss can be reasonably estimated and shall not be charged retroactively to an earlier period. All estimated losses for loss contingencies shall be charged to income rather than charging some to income and others to retained earnings as prior period adjustments.

Disclosure

Disclosure of the nature of an accrual made and in some circumstances the amount accrued, may be necessary for the financial statements not to be misleading. Terminology used shall be descriptive of the nature of the accrual, such as estimated liability or liability of an estimated amount. The term reserve shall not be used for an accrual made for external disclosures, that term is limited to an amount of unidentified or unsegregated assets held or retained for a specific purpose.

The disclosure in the preceding paragraph shall include both of the following:

a. The nature of the contingency

b. An estimate of the possible loss or range of loss or a statement that such an estimate cannot be made.

Disclosure of a loss, or a loss contingency, arising after the date of an entity's financial statements but before those financial statements are issued may be necessary to keep the financial statements from being misleading if an accrual is not required.

IV. REGULATORY CONSIDERATIONS (ASC 980)

No regulatory impact.

V. NISOURCE APPLICATION

NiSource recognizes a contingent liability when it is probable that a legal liability has been incurred and the amount of loss can reasonably be estimated. Accounting for contingencies require significant management judgment regarding the estimated probabilities and ranges of exposure to a potential liability. Estimates of the loss and associated probability are made based on the current facts available, including, but not limited to, present laws and regulations. Managements assessment of the contingent liability could change as a result of future events or as more information becomes available.

At a minimum, each quarter legal cases, including cases of injuries and damages, are discussed related to uninsured claims with the Chief Accounting Officer, segment controllers and legal counsel familiar with the cases involved. The appropriate reserve is determined in the meeting for new and previously identified cases based on a discussion of the facts. New uninsured reserve amounts and adjustments are recorded quarterly to the contingent liability as necessary. Confidential notes documenting this meeting are on-file in the Controller's office.

Accounting receives from the Corporate Insurance section the NiSource Inc. Controller Summary Report which identifies for each insured claim the company exposure (limited to the self insured retention amount). The reserve amounts are also evaluated on a quarterly basis and adjustments are made to the contingent liability for new or previously identified cases as necessary.

A reserve for legal issues will only be recorded when a loss is evaluated as probable, the amount can be reasonably estimated, and the underlying event occurred prior to the balance sheet date. At the time the estimate is determined, operating expense is charged and legal reserve liability is credited. In the event a legal reserve is for a discontinue operation the expense will follow discontinued operations accounting. Any insurance reimbursement, for which receipt is probable, is recorded as a receivable for the amount in excess of the self insured retention amount.

The Controller Summary Report contains sensitive information and distribution shall be limited to members of the legal department, the Corporate Controller and accounting personnel designated by the Controller.

DISCLOSURES:

If a loss is probable and can be reasonably estimated the nature and in some circumstances the amount accrued must be disclosed if it is deemed material. <u>In addition, the Company discloses potentially</u>

material losses that are not accrued because they are not estimatable at the time of the loss and the reasons why they were not estimatable. NiSource discloses all material contingent legal liabilities in the annual 10-K filing with the SEC. The legal reserve is disclosed as a current liability and included in the Notes to Consolidated Financial Statements.

VI. AUTHORITY AND RESPONSIBILITY

NiSource Legal/Corporate Insurance department is responsible for monitoring and assessing the impact of legal proceedings/insurance claims and communicating the information to the Segment Controller's.

The Segment Controllers are responsible for accruing legal obligations quarterly on the financial statements.

The Financial Reporting Department is responsible for drafting the disclosures required for Legal Liabilities. All of the above is done under the guidance of the Chief Accounting Officer.

VII. APPENDICES

N/A

NiSource™
Accounting Policy

Issue Date: April 3, 2012
Preparer: Nick Drew
Approver: Dave Hasson

I. INTRODUCTION

This policy provides guidelines related to the proper accounting for insurance-related reserves.

II. SCOPE

This policy applies to all insurance-related reserves handled by NICI.

III. GAAP GUIDANCE

Recognition and Measurement of Claims Liabilities

ASC 450-20-25-2 requires accrual of a liability if both of the following conditions are met:

1. Information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements.

2. The amount of the loss can be reasonably estimated.

ASC 450-20 also states if some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, that amount shall be accrued. When no amount within the range is a better estimate than any other amount, however, the minimum amount in the range shall be accrued

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

To the extent insurance reserves are recoverable through an approved rate order, such losses may be deferred as regulatory asset. As regulatory treatment for losses varies by company / jurisdiction, such determinations will be the responsibility of the legal / regulatory departments of the impacted company.

V. NISOURCE APPLICATION

NiSource purchases insurance for various types of coverage including, but not limited to, property, general liability, auto liability, workers compensation, life and long-term disability. Insurance policies are purchased by NiSource affiliates from third party insurance companies. NiSource Insurance Corporation, Inc. (NICI) is a wholly owned subsidiary of NiSource, commonly referred to as a captive insurance company. Its primary purpose is to insure NiSource risk exposures and limit NiSource's total exposure to loss.

Claims are generally reported to NiSource via the NiSource Corporate Insurance claims center. NiSource Corporate Insurance works with the NiSource business units, third party claims administrators and /or insurance adjusters to compile details of the incident and develop estimates of the cost necessary to satisfy the claim. Information flows from third party administrator data systems into the RiskConnect (property, general liability, auto liability, workers compensation) or Prudential (life and long-term disability) databases by either the third party administrator or Corporate Insurance. Third party claims administrators have authority to approve reserves and changes to reserves up to $25,000. Reserves and changes to reserves above that amount must be approved by NiSource Corporate Insurance.

Annually at October 31st, NICI provides a data dump from their claims systems (Prudential and RiskConnect), and provides it to Milliman, an actuarial firm who applies the known data and uses historical experience and actuarial assumptions to develop a reserve estimate for the year. This estimate includes both case (i.e. known) reserves and IBNR reserves.

Once finalized, the Milliman study is forwarded to NICI's captive manager, Strategic Risk Solutions ("SRS"), who is responsible for the stand-alone accounting function for NICI. SRS records the journal entry necessary to bring NICI's reserve balance in line with the Milliman study. A true up to the Milliman report is recorded at December 31 each year to account for any changes since October 31.

Monthly, new reports from Prudential and RiskConnect are retrieved by SRS to appropriately classify balances between case reserves, IBNR reserves, and paid reserves. These reports are current for that month's claims activity. Once the accounting for the month is complete, SRS will forward a download of the NICI trial balance to the Accounting Research group for inclusion in the NiSource consolidated financial statements. This upload must occur by workday 5 of the monthly close.

VI. AUTHORITY AND RESPONSIBILITY

Responsibility – Accounting Research is responsible for ensuring the NICI financial files are obtained from SRS and uploaded to HFM in a timely manner for month-end close. The upload process consists of various steps to ensure accuracy, including: tying the uploaded file back to the file received from SRS to ensure consistency, confirmation from SRS that the uploaded balance sheet and income statement agree to SRS's records, and a quarterly reasonableness check of the recorded balances at NICI and the NiSource subsidiaries. Once all checks have been completed, the file is submitted for approval to the Manager of Consolidation Accounting. The Manager of Consolidation Accounting reviews the confirmation from SRS that the uploaded file agrees to the source filed provided by SRS, and then promotes the NICI financial statements within HFM where it is consolidated into the NiSource financial statements.

Reviewer – Lead Analyst – Accounting Research reviews the file received from SRS for reasonableness prior to submitting the file into HFM.

Approver – Manager of Consolidation Accounting approves the NICI monthly upload by promoting NIC022 in HFM.

VII. APPENDICES

1. NiSource Insurance Corporation, Inc. – Procedures Manual

NICI Insurance Company Procedures

NiSource

Accounting Policy

Issue date: January 22, 2010
Prepared by: John Siegle
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 10.1
Subject: Charitable Contributions

I. INTRODUCTION

This policy provides guidelines in recording charitable contributions.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

ASC 720-25-25-1 through ASC 720-25-25-2

Contributions made shall be recognized as expenses in the period made and as decreases of assets or increases of liabilities depending on the form of the benefits given. For example, gifts of items from inventory held for sale are recognized as decreases of inventory and contribution expenses, and unconditional promises to give cash are recognized as payables and contribution expenses. For guidance on conditional promises to give and determining whether a promise is conditional or unconditional, see paragraphs 958-605-25-11 through 25-15 and paragraph 958-605-25-33. See paragraphs 958-605-55-45 through 55-48 for an example that illustrates a donor's accounting for an unconditional promise.

If the fair value of an asset transferred differs from its carrying amount, a gain or loss shall be recognized on the disposition of the asset (see paragraphs 845-10-30-1 through 30-2).

ASC 720-25-30-1 through ASC 720-25-30-2

Contributions made shall be measured at the fair values of the assets given or, if made in the form of a settlement or cancellation of a donee's liabilities, at the fair value of the liabilities cancelled.

Unconditional promises to give that are expected to be paid in less than one year may be measured at net settlement value because that amount, although not equivalent to the present value of estimated future cash flows, results in a reasonable estimate of fair value.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

If a nonmonetary asset is contributed, the amount of the donation should be recorded as an expense at the fair value of the donated asset. If a difference exists between the fair value of the asset and its book value, a gain or loss should be recognized. The expense should be recorded to Other Expense/Donations in the Other Income (Deductions) section on the Income Statement and is not reflected as a component of Operating Expense. See Example below.

Example: Land that costs $50,000 with a fair market value of $70,000 is being donated the entry is:

Debit-Contribution Expense (Donations)	70,000	
Credit-Land		50,000
Credit-Gain on disposal of asset		20,000

Example:
If a monetary donation of $30,000 is made the entry is:

Debit-Contribution Expense (Donations)	30,000	
Credit-Payable		30,000

VI. AUTHORITY AND RESPONSIBILITY

The Segment Controller where the donation is made is responsible for ensuring the contribution as gain/loss associated with the contribution is recorded appropriately.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy Guide

Issue date: 03/30/2010
Prepared by: Doug Loudermilk
Approved by: BU Controllers
Reference No.
Subject: Insurance Proceeds-Reimbursables

I. INTRODUCTION

This document provides guidelines and procedures for asset recognition for insured losses.

II. SCOPE

This policy applies to all NiSource subsidiaries.

III. GAAP GUIDANCE

According to ASC 450-30-25 (Q&A 09), ASC 410-30 addresses the accounting for environmental liabilities. With respect to the impact of potential recoveries from insurance companies, ASC 410-30-35-8 through 35-9 states "an asset relating to a potential claim for recovery shall be recognized only when realization of the claim for recovery is deemed probable."

While this guidance is specific to environmental liabilities, the recognition and measurement principles of ASC 410-30 are relevant to the accounting for other losses that may be recoverable through insurance. A company that incurs a loss due to impairment of an asset or incurrence of a liability, and expects to recover all or a portion of that loss through an insurance claim, should record an asset for the amount considered probable of recovery from the insurance claim (not to exceed the amount of the total losses incurred).

Concluding that a potential insurance recovery is probable involves significant judgment and should be based on all relevant facts and circumstances. ASC 410-30-25 discusses recognition criteria that must be evaluated including, but not limited to, probability that a liability has been incurred, ability to reasonably estimate the liability, benchmarks, and capitalization of environmental treatment costs. ACS 410-30-30 discusses measurement criteria that must be evaluated such as allocation of liability among potential responsible parties, costs to be included in remediation liability, and probable recoveries.

ASC 410-30-30-19 states a probable recovery shall be measured at its undiscounted amount if the liability is not discounted and the timing of recovery is dependent on timing of payment of the liability.

IV. NISOURCE APPLICATION

Insurance receivables for loss contingencies are recorded based upon recovery being probable. The insurance deductible related to the loss contingency is excluded from the asset recognition entries that are recorded. The deductible is applied on a case by case basis using significant judgment based upon the relevant facts and circumstances. For scenarios where a gain contingency exists, sucb as business interruption claims, the gain should not be recognized until the entity has either received the proceeds or an acknowledgment from the insurance carrier of coverage and tbe related amounts are not subject to refund or offset by the insurance carrier.

V. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

VI. AUTHORITY AND RESPONSIBILITY

The operating entity is responsible for informing the Segment Finance group that a potential loss contingency has been incurred.

The Segment Finance group conveys the pertinent information to the Corporate Risk Management group to analyze and determine if a potential insurance recovery is probable.

The Corporate Risk Management group communicates to the Segment Finance group that an insurance recovery is probable.

The Segment Accounting group tracks the expenditures incurred related to the loss contingency and records general ledger entries based upon the deductible that exists for the loss contingency.

The Segment Accounting group finalizes the costs and communicates loss contingency information to the Corporate Risk Management group.

The Corporate Risk Management group files the final loss contingency with the insurance company and monitors the status of the insurance claim through recovery.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date:
Prepared by: Jim Leslie
Approved by:
Reference No.
Subject: Accounts Payable

I. INTRODUCTION

This policy provides guidelines for accounts payable.

II. SCOPE

This policy applies to all NiSource companies and includes general guidelines related to recognition, measurement, extinguishment, and presentation of accounts payables.

III. GAAP GUIDANCE

Recognition and Measurement of Accounts Payable

Accounts payable are balances owed to others for goods or services that are purchased on an open account. Accounts payable arise because of the lag time between the receipt of services or the acquisition of title for goods received and the payment of them.

Extinguishment of Accounts Payable

ASC405-20-40 provides guidance on determining whether and when an entity should remove an item from the financial statements. For example, the entity would derecognize an asset because it no longer has rights to the asset or it would derecognize a liability because it no longer has any obligation. Paragraph 405-20-40-1 states:

> "A debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:
>
> a. The debtor pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes the following:
>
> 1. Delivery of cash
> 2. Delivery of other financial assets
> 3. Delivery of goods or services
> 4. Reacquisition by the debtor of its outstanding debt securities whether the securities are cancelled or held as so-called treasury bonds
>
> b. The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.

Presentation of Accounts Payable

ASC-210-45-6 states "current liabilities include estimated or accrued amounts that are expected to be required to cover expenditures within the year".

IV. REGULATORY CONSIDERATIONS

Not applicable.

V. NISOURCE APPLICATION

In accordance with the GAAP guidance referenced above, NiSource records a liability for all goods and services that are invoiced. The liability must be recorded at face value reported on the invoice plus or minus an interest, premium, or discount. NiSource has established general guidelines for internal control purposes in order to reduce the risk of fraud, misstatement of financial information, theft, duplicate payments, etc. See **Appendix A** for these general guidelines. The account payable is extinguished upon payment of cash to the respective vendor. In the event that a payable is settled by a non-cash payment, consultation with the consolidation accounting team is required.

NiSource also estimates and records an accrual for goods that are received and services that are rendered but not invoiced. These accruals are reversed the following month. See **Appendix D** for accrual thresholds by company. Note, NGT&S issues purchase orders for some special equipment for which there is no right of return. Because there is no right of return, any unfulfilled purchase orders for such special equipment are accrued at period end.

Payables for goods or services due within one year will not be discounted and will be presented as current. Payables for goods or services due subsequent to one year will be discounted and will be presented as non-current.

VI. AUTHORITY AND RESPONSIBILITY

The Accounting group is responsible for determining the classification of assets and liabilities on the balance sheet under the authority of the Segment controller.

The Financial Reporting group is responsible for presentation and disclosure in the financial statements. Presentation and disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

See **Appendix A** for general accounts payable processing information for payments processed through Catalyst. See **Appendix B** for an example of quarterly communications to notify employees of the accounts payable close schedule. This communication is sent by email and posted on our intranet site approximately two weeks before the quarter close. See **Appendix C** for close schedule for all payments processed through an interface and/or feed (other than Catalyst). See **Appendix D** for accrual thresholds by charge type (inventory, operations/maintenance and plant) by company.

APPENDIX A

NiSource **accounts payable**

transaction services

GENERAL GUIDELINES

The following guidelines apply across all NiSource affiliates [1]. These are the minimum guidelines that should be followed – there may be more restrictive guidelines that relate specifically to your affiliate.

Please keep in mind that Accounts Payable processes payments for almost every NiSource affiliate [1]. When inquiring about a payables transaction, please indicate which NiSource affiliate you are inquiring about.

Please always include a contact name and phone number whenever you send anything to Accounts Payable.

Please keep in mind that all general guidelines are for internal control purposes in order to reduce the risk of fraud, misstatement of financial information, theft, duplicate payments, etc.

[1] accounts payable does not process the payables for:

Northern Indiana Fuel and Light (NIFL)
Kokomo Gas
Lake Erie Land

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Request for Payment:
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In order for Accounts Payable to process a request for payment, the request must include **at minimum** [2]:

1. Vendor Name
2. Remit to address
3. Description of charges
4. Complete and valid classifications

5. Dollar amount to be paid
6. Approving signature(s)
   - name and title must also appear legibly (typed, printed, stamped, etc.) along with the approving signature
   - original signature must be in (blue or black) ink , stamped signature or facsimiles are not acceptable
   - original signature must be at least first initial and full last name
   - signature must be on either the original invoice or the request for payment form, or on the expense statement form
7. **Phone number of requestor**
8. Appropriate backup

[2)] additional information may be required depending on type of payment request and Affiliate.

Not Acceptable:
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Accounts Payable will not pay from the following:

- statements
- packing lists
- acknowledgments
- shipping notices
- quotes
- order forms
- work orders
- sales order confirmations
- bill of ladings

If an exception is being requested, you must contact an Accounts Payable Lead or above to authorize the payment. Please visit the accounts payable website for contact information.

Account Classifications:
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All requests for payments must include complete and valid account classifications (including job order number for NiSource Corporate Services). Account classifications should be validated before sending requests for payments to Accounts Payable. Invalid or incomplete coding **<u>will</u>** delay the processing of the payment. It is the responsibility of the employee submitting the request for payment to properly code all expenditures. If you are unsure of a valid account classification, please contact your affiliate's accounting department. Please visit the accounts payable website for contact information.

Approvals:
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All requests for payments must have an original signature and the name and full title must be clearly indicated on the face of the invoice or on the appropriate section on the request for payment form or expense statement. Signature must include at least the first initial and full last name. Please be sure to obtain signatures at the proper approval levels. Approval levels vary by affiliate, please be aware of the approval level for your affiliate. Please contact your affiliates' accounting department for questions on proper approval levels.

Before any payment is released, all authorizing signatures must be an original and must be in either blue or black ink. In order to maintain proper internal controls, stamped signatures or facsimiles are not acceptable.

Original Invoices are Requested:
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Paying from copies and faxes from vendors increases the possibility of duplicate payments. We understand that this has to occur on occasion, but please use original invoice whenever possible.

When using a copy instead of an original, the words "Pass As Original Invoice" should also be clearly written on the copy at the top on the front page.

Invoices and Supporting Documentation:
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Accounts payable currently images nearly all documentation. Therefore, please use either blue or black ink on all hand written information. Also, for invoices and supporting documentation that are less than 5.5" x 7.5" (approximately 2/3rd's the size of a regular 8.5" x 11" sheet of paper), please tape to a plain white 8.5" x 11" piece of paper to aid in imaging. Small items are more likely to become detached and lost. Also, please staple together each request with backup instead of using paper clips.

Employee Expense Reimbursements for Travel and Entertainment:
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Please turn in all Employee Expense Statements on the appropriate form with all supporting documentation. Please use either blue or black ink on all hand written information. Also, for invoices and supporting documentation that are less than 5.5" x 7.5" (approximately 2/3rd's the size of a regular 8.5" x 11" sheet of paper), please tape to a plain white 8.5" x 11" piece of paper to aid in imaging. Small items are more likely to become detached and lost. Also, please staple together each request with backup instead of using paper clips.

Expenses should be recorded in a timely manner. All expenses should be recorded in the proper accounting period. Therefore, please submit an expense statement either per month or per business trip. It is the responsibility of the approver to insure that all expenses are properly recorded in the appropriate accounting period.

Reimbursements for expense statements are normally processed within three business days of receiving in accounts payable, provided the expenses are timely and all appropriate and valid classifications and backup are attached. If classifications are not valid or the expense statement covers multiple months/trips, the expense statement is subject to audit and the processing of your expense statement will be delayed.

One Invoice per Request for Payment Form:
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Please attach only one (1) invoice per request for payment. Various problems result from trying to pay multiple invoices on one request form. Each accounts payable system checks for duplicate payments based on invoice number. Researching payment history is usually based on individual invoice number. The system will include multiple invoices on the same check (unless specifically requested otherwise), but it cannot be entered into the accounts payable system(s) that way.

Processing an Invoice:
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Once accounts payable has received a request for payment or expense statement, please allow at least five business days for accounts payable to process the payment. If information is incomplete (i.e. invalid classification, missing authorization signature, illegible signature, etc.) the processing time **will** be delayed.

When addressing mail or inquiries to accounts payable, please include the company name or number. For example, if you are a NiSource Corporate Service employee please address the mail as "A/P – NCS" or "A/P - Co 12". If you work for Columbia of Ohio, reference "COH" or "Co 34", etc.

NOTE: NIPSCO (Co 59) employees should forward all accounts payable correspondence to accounts payable in Merrillville. All other companies, excluding Kokomo, NIFL, and Lake Erie Land, should send accounts payable correspondence to Columbus.

Faxing to Accounts Payable a Request for Payment:
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Accounts Payable will not process a request for payment that is sent into the accounts payable department via fax. This has lead to duplicate payments and a breach of internal control procedures. If it is absolutely necessary to have a payment made immediately, please overnight the original request with all appropriate signatures, classifications, and backup to the attention of the appropriate Accounts Payable Lead. Please note on the request for payment form that you are requesting immediate payment and the reason the payment is needed so quickly. Please contact the appropriate Accounts Payable Lead with questions. Visit the accounts payable website for contact information.

Stop Payment on a Check:
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Please allow at least thirty (30) days from the check date before requesting a stop payment. Please contact the appropriate Accounts Payable Lead with questions. Visit the accounts payable website for contact information.

Returning a Check to be Voided:
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For checks returned from vendors that need to be voided, please forward to accounts payable as soon as possible. Please deface the check by printing "VOID" on the face of the check. Staple the check to the back of a Cancel Payment Request form, fill out the form and forward to Accounts Payable.

CALL CENTER ONLY – Customer Refunds that are returned – do not deface the check. Fill out the Accounts Payable Investigation form, attach the check to the form, and forward to Accounts Payable.

Please visit the Accounts Payable website for the appropriate forms.

Accounts Payable Website:
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Please visit the accounts payable website for contact information. The accounts payable website is located on the NiSource OnSite intranet site under Transaction Services. Once you have clicked on Transaction Services, please choose "Accounts Payable" which is located under "Finance" in the "departments".

APPENDIX B

Accounts Payable Q1 2010 closing schedules

Posted: 03-15-2010 at 02:30 Eastern Time

Details for payment requests for all Columbia Distribution Companies except for NIPSCO, NIFL and Kokomo
Accounts Payable (AP) is asking that all payment requests be uploaded into Catalyst or mailed to reach College Station by close of business **Tues., March 23***.

Payment requests received after this date will be processed. However, adequate time to process and resolve issues is required. Therefore, invoices and expense statements should be expedited to reach College Station by March 23 to help ensure processing in March's business. **Approvals should be completed in Catalyst no later than noon Eastern Time, Wed., March 31.**

Details for NIPSCO, NIFL and Kokomo:
Accounts Payable is asking that all approved and coded payment requests be received by Accounts Payable by **Thurs., March 25***. Payment requests received after this date will be processed but yonr cooperation is requested in allowing Accounts Payable adequate time to process and resolve issues

Requests must have all proper account classifications, approving signatures, appropriate backup, etc.

Details for employee expenses for companies utilizing ERS:
All Employee Expense Statements on ERS must be **entered and approved** by noon Eastern Time, **Weds., March 31**. ERS Employee Expense Statements that are approved after that time may not be included for March's business.

**This excludes payments processed through an interface and/or feed (other than Catalyst) into Accounts Payable. The due dates for those items remain the same as any other month.*

APPENDIX C

Accounts Payable would like to remind everyone of the last dates in 2009 for feeds into the Accounts Payable systems.

The dates below reflect the last day that entries into the feed/interface will have the expense posted to 2009 business. Please note, in many cases, the feed/interface is actually pulled into (processed in) accounts payable a day or two later (depending on the system). These dates are based on automatic system processing;

Feed/Interface	**Affiliate**	**Dead-Line**
Gas Purchases	CDC	Dec 18 (user defined)
Lease	CDC	Dec 23 (user defined)
Telecom	All Companies	Dec 29
Work Management	CDC	Dec 29
McJunkin/Mutual	CDC	Dec 29
Retail Services	PeopleSoft	Dec 30
Wires/Flow Throughs*	CDC	Dec 29
Customer Refunds	Bay State	Dec 29
PCR	CDC	Dec 29
EDI	CDC	Dec 29
EDI	PeopleSoft	Dec 30

(not processed by accounts payable on last business day of year - December 31st - and 1st business day of the new year - January 1)

P-Card	ALL	Dec 30
Construction	Bay State	Dec 30
Mechanized	CDC	Dec 29
Wire Transfers*	CDC	Dec 29
	NIPSCO	Dec 29
	PeopleSoft	Dec 29

Items processed in the various interface systems after Dec 29th MAY not make it into Accounts Payable in December 2009 business.

* all information pertaining to wires and flow throughs must be received in accounts payable by the dates listed above

If you have any questions, please contact the SourceNet Help Desk:
1-877-357-3911 Opt 2 Opt 2

APPENDIX D

The threshold to record an accrual for goods received or services rendered but not invoiced is company specific. See accrual thresholds by company below:

	Threshold by Charge Type	
	Capital	O&M
NGD *	$ 10,000	$ 10,000
NGT&S	$ 50,000	$ 25,000
NIE		
NIPSCO **	$ 10,000	$ 10,000
NIFL	N/A ***	N/A ***
Kokomo	N/A ***	N/A ***
NiSource Corp Services	$ 25,000	$ 25,000

* Use of threshold applies to unapproved invoices in Catalyst. NGD also accrues for any items, regardless of amount, booked on the first two days of the subsequent month that have a business date of the month

** Due to the high volume of low dollar transactions, generation accrues for 100% of goods and services rendered but not invoiced

*** 100% of goods received and services rendered but not invoiced are accrued

NiSource™

Accounting Policy

Issue date: March 31, 2010
Prepared by: Matt Currie
Approved by: BU Controllers
Reference No. 10.2
Subject: Retirement and Reacquisition of Debt

I. INTRODUCTION

This policy provides guidelines on the retirement and reacquisition of debt.

II. SCOPE

This policy applies to all NiSource business units that carry external and internal debt.

III. GAAP GUIDANCE

ASC 405-20-40-1

A debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

1. The debtor pays the creditor and is relieved of its obligation for the liability. Paying the creditor includes the following:
   a. Delivery of cash
   b. Delivery of other financial assets
   c. Delivery of goods or services
   d. Reacquisition by the debtor of its outstanding debt securities
2. The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor.

ASC 470-50-40-2

A difference between the reacquisition price and the net carrying amount of the extinguished debt shall be recognized currently in income of the period of extinguishment as losses or gains and identified as a separate item. Gains and losses shall not be amortized to future periods.

ASC 470-50-40-6

An exchange of debt instruments with substantially different terms is a debt extinguishment and shall be accounted for in accordance with paragraph 405-20-40-1 as seen above. A debtor could achieve the same economic effect as an exchange of a debt instrument by making a substantial modification of terms of an existing debt instrument. Accordingly, a substantial modification of terms shall be accounted for like an extinguishment.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

ASC 980-470-40-1 through ASC 980-470-40-3

ASC requires recognition in income of a gain or loss on an early extinguishment of debt in the period in which the debt is extinguished. For rate-making purposes, tbe difference between the entity's net carrying amount of the extinguished deht and the reacquisition price may be amortized as interest expense over some future period.

If the debt is reacquired for an amount in excess of the entity's net carrying amount, the regulator's decision to increase future rates by amortizing the difference for rate-making purposes provides reasonable assurance of the existence of an asset. Accordingly, the regulated entity shall capitalize the excess cost and amortize it the over period during which it will be allowed for rate-making purposes.

If the debt is reacquired for an amount that is less than the entity's net carrying amount, the regulator's decision to reduce future rates by amortizing the difference for rate-making purposes imposes a liability in the regulated entity. Accordingly, the entity would record the difference as a liability and amortize it over the period during which permitted rates will be reduced.

V. NISOURCE APPLICATION

Example

A Bond with a face value of $800,000 is issued and due in 20 years. Bond issue costs total $16,000 with a discount of $24,000. Eight years after the issue, the entire amount is called at 101% of the issue price. The gain/loss on extinguishment is calculated as follows:

Reacquisition Price ($800,000 * 1.01)		$808,000.00
Net carrying value		
Face Value	$800,000.00	
Unamortized Discount ($24,000 * 12/20)	$ (14,400.00)	
Unamortized Fees ($16,000 * 12/20)	$ (9,600.00)	$776,000.00
Loss on Extinguishment		$ 32,000.00

	Debit	Credit
Bonds Payable	$800,000.00	
Loss on Extinguishment of Debt	$ 32,000.00	
Unamortized Discount on Bonds		$ 14,400.00
Unamortized Fees on Bonds		$ 9,600.00
Cash		$808,000.00

VI. AUTHORITY AND RESPONSIBILITY

Responsibility for the decision to retire or reacquire debt lies with the treasury department. Responsibility to properly record the retirement and reacquisition of debt lies with the Segment Controller of the company owning the debt.

VII. APPENDICES

Not applicable.

NiSource

Accounting Policy

Issue date: March 31, 2010
Prepared by: Jason Pfeiffer
Approved by: BU Controllers
Reference No. 10.4
Subject: Debt Issuance Costs

I. INTRODUCTION

This policy provides guidelines related to Debt Issuance Costs.

II. SCOPE

This policy applies to all NiSource business units that carry external and internal debt.

III. GAAP GUIDANCE

ASC 835-30-35-2 requires that debt discount be accreted to and premiums be amortized in interest expense over the life of the related debt. The debt discount , premiums and issuance costs should be amortized/accreted from the date of issuance to the earliest redemption date.

Additional guidance – Deloitte Q and A 02, 03 and 04 for ASC 835

Q&A 02 Accounting for Debt Discounts and Issuance Costs on Puttable Debt. It states that the debt issuance costs may be accounted for in the same manner as debt discount. The issuance costs and debt discount will be accreted to the earliest put date. This will ensure that the carrying amount of the debt is equal to the redemption amount at the earliest redemption date.

Q&A 03 Accounting for Debt Premiums on Traditional Callable and Puttable Debt. Premium debt should be amortized over the contractual life of the debt. It is not appropriate to recognize the premium debt as a reduction of interest expense from the date of issuance to the earliest redemption date since that would be analogous to recognizing a gain contingency.

Q&A 04 Accounting for Debt Discounts and Issuance Costs on Callable debt. The company should accrete the debt discount and issuance costs over the contractual term of the callable debt. Debt discounts and issuance costs generally are accreted over the contractual term to maturity of the related debt with limited exceptions. One exception to requirement is on puttable debt with a discount.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Regulated companies may have external debt as well. The NiSource application will be the same for regulated and non regulated companies. The regulated companies are able to recoup the premiums, discounts and fees in their rate cases.

V. NISOURCE APPLICATION

All debt discounts and issuance costs should be accreted over the life of the contract, unless the debt is puttable. The entry does not change for puttable debt, however, it would be accreted to the put date.

Entry for Discount and fees
Dr Interest Expense (Amt. Debt Disc and Exp)
  Cr Unamortized Discount on LT debt

Entry for Premium and fees
Dr Unamortized Premium on LT Debt
  Cr Amortization of Premium on Debt
Dr Interest Expense (Amt. Debt Disc and Exp)
  Cr Unamortized Discount on LT debt

VI. AUTHORITY AND RESPONSIBILITY

The authority and responsibility to record the debt and associated issuance costs, premiums and discounts correctly resides with the segment controller of the company incurring the debt.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: March 31, 2010
Prepared by: Greg Easton
Approved by: BU Controllers
Reference No. 10.5
Subject: Debt/Accrued Interest

I. INTRODUCTION

This policy provides guidelines on recording the Accrued Interest on Debt.

II. SCOPE

This policy applies to all NiSource business units that carry external and/or internal debt.

III. GAAP GUIDANCE

ASC 835-25-6

A note issued solely for cash equal to its face amount is presumed to earn the stated rate of interest.

APB 21, paragraph 6

The total amount of interest during the entire period of a cash loan is generally measured by the difference between the actual amount of cash received by the borrower and the total amount agreed to be repaid to the lender.

Accrued Interest is a term used to describe an accrual accounting method when interest that is either payable or receivable has been recognized, but not yet paid or received. Accrued interest occurs as a result of the difference in timing of cash flows and the measurement of these cash flows. It is also the interest that has accumulated on a financial instrument since the last interest payment up to, but not including, the settlement date.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

Accounting personnel at NiSource business units record the amount of accrued interest based on the external and internal debt information received from the Treasury department. Accrued interest is calculated by Treasury in accordance with the actual debt agreements. Two calculations currently used include: 1. Multiplying the face amount of the note by the stated interest rate to determine the yearly interest, then multiply that by thirty days divided by three hundred sixty days or 2. Multiplying the face amount of the note times the stated interest rate and multiply that by the number of days in the month divided by three hundred sixty five days. The interest is recorded as a debit to interest expense and a credit to interest payable.

VI. AUTHORITY AND RESPONSIBILITY

Treasury department is responsible for providing debt information and the associated interest to accounting.

The segment controller is responsible for accurately recording accrued interest on debt provided by Treasury.

APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: January 22, 2010
Prepared by: Jennifer Carr/Matt Harris
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 11.1
Subject: Earnings Per Share

I. INTRODUCTION

This policy provides guidelines for computing, presenting, and disclosing earnings (loss) per share (EPS), both basic and diluted.

II. SCOPE

This policy applies to the parent company, NiSource, and any subsidiary that issues common stock.

III. GAAP GUIDANCE

According to ASC 260-10-15-2, presentation of earnings per share (EPS) is required for "all entities that have issued common stock or potential common stock (that is, securities such as options, warrants, convertible securities, or contingent stock agreements) if those securities trade in a public market. It does not require presentation of EPS "in statements of wholly owned subsidiaries.

ASC 260-10-45 provides guidance pertaining to presentation of basic and diluted EPS. It requires that:

- Entities (excluding those with simple capital structures) shall present basic and diluted per-share amounts for income from continuing operations and for net income on the face of the income statement with equal prominence.
- Entities that report a discontinued operation or an extraordinary item in a period shall present basic and diluted per-share amounts for those line items either on the face of the income statement or in the notes to the financial statements.
- The terms *basic EPS* and *diluted EPS* are used to identify EPS data to be presented and are not required to be captions used in the income statement. There are no explicit requirements for the terms to be used in the presentation of basic and diluted EPS.
- Per share-amounts not required to be presented by this Subtopic that an entity chooses to disclose shall be computed in accordance with this Subtopic and disclosed only in the notes to financial statements; it shall be noted whether the per-share amounts are pre-tax or net of tax.
- Prohibits reporting cash flow per share. (260-10-45-6)
- EPS data shall he presented for all periods for which an income statement or summary of earnings is presented. If diluted EPS data are reported for at least one period, they shall be reported for all periods presented, even if they are the same amounts as the basic EPS.

ASC 260-10-45-10 governs the computation of basic EPS. It states that 'basic EPS shall be computed by dividing **income available to common stockholders** (the numerator) by the **weighted-average number of common shares outstanding** (the denominator) during the period. Shares issued during the period and shares reacquired during the period shall be weighted for the portion of the period that they were outstanding."

Income available to common stockholders is calculated by subtracting dividends declared in the period on preferred stock and dividends accumulated on cumulative preferred stock from **income from continuing operations** and also from **net income**. If a net loss exists the dividends on preferred stock will increase the loss. Preferred dividends that are cumulative only if earned shall be deducted only to the extent that they are earned.

The **weighted-average number of common shares outstanding** (the denominator) in the basis EPS calculation shall include common shares outstanding and contingently issuable shares, if appropriate. "Contingently issuable shares should be included in basic EPS only when there is no circumstance under which those shares would not be issued and basic EPS should not be restated for changed circumstances.

ASC 260-10-45-16 governs the computation of **diluted EPS**. It states that "the computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential of common shares had been issued. In addition, in computing the dilutive effect of convertible securities, the numerator is adjusted to add back any convertible preferred dividends and the after-tax amount of interest recognized in the period associated with any convertible debt. The numerator also is adjusted for any other changes in income or loss that would result from the assumed conversion of those potential common shares, such as profit-sharing expenses.

Potential anti-dilution also must be taken into consideration when computing diluted EPS. In accordance with ASC 260-10-45-20 the "control number" for determining whether the impact of potential common shares in the diluted EPS calculation is anti-dilutive is income from continuing operations. As such, if a loss from continuing operations exists the diluted and basic EPS calculations are identical. The basic and diluted EPS calculations are also the same if income from continuing operations is present but the preferred dividend adjustment results in a loss from continuing operations. Finally, certain convertible or contingent securities may have an anti-dilutive impact on the calculation of diluted EPS. These contingent shares are excluded from the calculation of diluted EPS. Note that in determining whether certain convertible or contingent securities are anti-dilutive and therefore excluded from the calculation of diluted EPS, each issue or series of issues of potential common shares shall be considered for inclusion in the calculation of diluted EPS in sequence from the most dilutive to the least dilutive.

The **weighted average of common shares outstanding** computation for both the basic and diluted EPS is "an arithmetical mean average of shares outstanding and assumed to be outstanding for EPS computations. The most precise average would be the sum of the shares determined on a daily basis divided by the number of days in the period. Less-precise averaging methods may be used, however, as long as they produce reasonable results.

According to ASC 260-10-50-1, "for each period for which an income statement is presented, an entity shall disclose all of the following:

- A reconciliation of the numerators and the denominators of the basic and diluted per-share computations for income from continuing operations. The reconciliation shall include the individual income and share amount effects of all securities that affect EPS. An entity is encouraged to refer to pertinent information about securities included in the EPS computations that is provided elsewhere in the financial statements as prescribed by Subtopic 505-10.
- The effect that has been given to preferred dividends in arriving at income available to common stockholders in computing basic EPS.
- Securities (including those issuable pursuant to contingent stock agreements) that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period(s) presented. Full disclosure of the terms and conditions of these securities is required even if a **security** is not included in diluted EPS in the current period."

Per ASC 260-10-50-2, "for the latest period for which an income statement is presented, an entity shall provide a description of any transaction that occurs after the end of the most recent period but before the financial statements are issued or are available to be used that would have changed materially the number of common shares or potential common shares outstanding at the end of the period if the transaction had occurred before the end of the period. Examples of those transactions include the issuance or acquisition of common shares, the issuance of warrants, options, or convertible securities, the resolution of a contingency pursuant to a contingent stock agreement, and the conversion or exercise of potential common shares outstanding at the end of the period into common shares."

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

ASC 980 applies to the extent that it impacts revenue recognition and O&M expenditures.

V. NISOURCE APPLICATION

NiSource will calculate **basic EPS** as follows:

$$\frac{\text{Income from Continuing Operations}}{\text{Weighted-Avg. Common Shares Outstanding}} + \frac{\text{Gain/(Loss) on Discontinued Operations (net of tax)}}{\text{Weighted-Avg. Common Shares Outstanding}}$$

NiSource calculates the weighted-average shares outstanding as a daily average of shares outstanding.

NiSource has various long-term incentive compensation plans, such as nonqualified stock options, shares contingently issuable under employee stock plans, and shares restricted under employee stock plans that have a dilutive effect on EPS (i.e. increase common shares outstanding). As a result, NiSource must also calculate **diluted EPS** as follows:

$$\frac{\text{Income from Continuing Operations}}{\text{Diluted Average Common Shares}} + \frac{\text{Gain/(Loss) on Discontinued Operations (net of tax)}}{\text{Diluted Average Common Shares}}$$

The weighted-average of diluted shares outstanding represents a daily average of diluted shares outstanding.

If a loss from continuing operations is present or a loss from continuing operations exists subsequent to the preferred dividends adjustment made in conjunction with the above calculation then the calculations of basic and diluted EPS will be identical. Additionally, any issuance of potential common shares with an anti-dilutive impact on the diluted EPS calculation shall be excluded from the calculation. Issuances of potential common shares are considered for inclusion in the diluted EPS calculation in sequence from most dilutive to least dilutive.

Both Basic and Diluted EPS are to be presented on the face of the income statement for both continuing and discontinued operations for all periods reported on the income statement. Per share information for extraordinary items will also be disclosed on the face of the income statement.

NiSource also will include a reconciliation of the numerators and the denominators of the basic and diluted per-share computations for income from continuing operations in the Notes to the Consolidated Financial Statements. The reconciliation shall include the individual income and share amount effects of all securities that affect EPS.

VI. AUTHORITY AND RESPONSIBILITY

Consolidation Accounting is responsible for computing EPS based on information provided by Treasury.

The Assistant Controller of NiSource reviews and approves the basic and diluted EPS computations.

Financial Reporting is responsible for presentation and disclosure in the financial statements.

Final presentation in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy Guide

Issue date: January 22, 2010
Prepared by: Doug Loudermilk
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 11.2
Subject: Dividends and Distributions Paid

I. INTRODUCTION

This policy provides guidelines and procedures for payment of dividends by NiSource and its subsidiaries.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

ASC 505-10-25-2

All of the following shall be excluded from the determination of net income or the results of operations under all circumstances:

a. Adjustments or charges or credits resulting from transactions in the entity's own capital stock

b. Transfers to and from accounts properly designated as appropriated retained earnings (see paragraph 505-10-45-3 for what is meant by properly designated as appropriated retained earnings)

c. Adjustments made pursuant to a quasi-reorganization shall be excluded from the determination of net income or the results of operations.

ASC 505-10-45-3 through ASC 505-10-45-4

An appropriation of retained earnings is permitted, provided that it is shown within the shareholders' equity section of the balance sheet and is clearly identified as an appropriation of retained earnings.

Costs or losses shall not be charged to an appropriation of retained earnings, and no part of the appropriation shall be transferred to income.

IV. NISOURCE APPLICATION

External Dividends

Holders of shares of NiSource common stock are entitled to receive dividends when, and if declared by the Board of Directors out of legally available funds. The policy of the Board of Directors has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. NiSource Accounting accrues the cost of the dividend on the date of declaration based upon an estimate of shares outstanding as of the record date. NiSource Shareholder Services disburses the dividend payment to its agent. The agent distributes the dividend to stockholders that are entitled to the dividend based upon owning shares on the record date. On or shortly after the date of payment, NiSource Accounting trues-up the account from the estimate that was recorded. It should be noted that the external dividend payment to shareholders is not dependent upon an internal dividend payment from subsidiaries to NiSource.

The agent performs their services for a fee and related expenses. The cost is charged to expense by NiSource through the contract billing from NiSource Corporate Services.

Internal Dividends

NiSource uses the equity method of accounting related to investments in subsidiary companies. Based upon its working capital needs, NiSource will have its subsidiary companies declare dividends payable to its parent company based upon subsidiary board of directors' meetings or unanimous written consent of the sole directors of each subsidiary company. If the subsidiary has a parent company other than NiSource, it is responsible for distributing the dividend to NiSource.

The treatment of dividends paid to employees related to Phantom shares, contingent units, etc. is addressed in the stock-based compensation accounting policy.

V. REGULATORY CONSIDERATIONS (ASC 980)

NiSource and its subsidiaries participate in a cash management program whereby cash in excess of the daily needs, are concentrated, consolidated, or otherwise made available for use by all companies participating in the money pool. Such programs concentrate affiliate cash assets in joint accounts for the purpose of providing financial flexibility and lowering the cost of borrowing.

It should be noted that FERC-regulated entities are required to describe the significant events or transactions causing the balance sheet capitalization to be less than 30 percent, the extent to which the FERC-regulated entity has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through such cash management program(s), and plan to regain 30 percent capitalization.

VI. AUTHORITY AND RESPONSIBILITY

The NiSource Chief Financial Officer and NiSource Treasurer will recommend the payment of a dividend to the Financing Committee of the Board of Directors. Upon approval by the Committee, it will recommend approval by the full Board of Directors.

The Corporate Secretary will report dividends approved by the Board of Directors to Corporation Communications to issue a press release and notification of the dividend declaration to the New York Stock Exchange.

The Corporate Treasury group will work with Segment Controllers to determine each business unit's funds that are legally available for dividends.

The Corporate Treasury group will work with Segment Controllers to determine the cash balances that each business unit will have available for dividend declaration and payment.

The Segment Controllers and CFOs review the dividend payment recommendations and approve the amounts that have been allocated to each business unit.

The Treasurer will notify the Corporate Secretary of dividends approved for payment. The Corporate Secretary will prepare the appropriate resolutions for consideration by each Board of Directors. Once approved by the Board, the dividend resolutions will be provided to Treasury and Segment Controllers.

Each business unit will transfer funds for the dividend payment on the authorized date from the money pool.

The Corporate Treasury group will disburse cash to the paying agent with sufficient time for the common stock cash dividend to be paid on the authorized date.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: March 31, 2010
Prepared by: Kristin Harmon
Approved by: BU Controllers
Reference No. 11.4
Subject: Treasury Stock

I. INTRODUCTION

This policy provides guidelines related to Treasury Stock.

II. SCOPE

This policy applies to NiSource, Inc.

III. GAAP GUIDANCE

ASC 505-30-05-2 through ASC 505-30-05-3

Repurchased common stock is referred to as **treasury stock** or treasury shares. Entities may pay more or less for the repurchased shares than the stated fair value or the original purchase price.

ASC 505-30-25-1 through ASC 505-30-25-9

Treasury stock can have differences in amounts that result in different accounting requirements. Two situations that result in different treasury stock amounts are as follows:

1. An entity repurchases its own outstanding common stock for an amount that differs from the price obtainable in open market transactions. In this case, some portion of the amount being paid presumably represents a payment for stated or unstated rights or privileges that shall be given separate accounting recognition. See ASC 505-30-30-3 for the measurement requirements for such a transaction.

   An accelerated share repurchase program allows for the repurchase of a targeted number of shares with the final repurchase price determined by an average market price over a fixed period of time. For an example, see ASC 505-30-55-1.

2. An entity resells previously repurchased common stock for an amount that differs from the repurchase amount paid. This transaction type relates to the capital of the corporation and does not give rise to corporate profits or losses. This difference between the repurchase and resale price of the common stock should be allocated to the different components within stockholders' equity as required by ASC 505-30-30-5 through 30-10.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

The Treasury Stock account is debited for the cost of the shares acquired and upon reissuance of the shares is credited for this same cost. The price received for the stock when it was originally issued does not affect the entries to record the acquisition and reissuance of treasury stock. Treasury stock is deducted from total paid-in capital and retained earnings in the statement of stockholders' equity. See examples below:

Example: NiSource acquires 10,000 shares of its common stock at $11 per share. The entry is:

Debit – Treasury Stock	110,000	
Credit – Cash		110,000

Example: NiSource sells treasury stock at the price equal to cost. The entry is:

Debit – Cash	110,000	
Credit – Treasury Stock		110,000

Generally, if treasury stock is sold, equity will increase. If treasury stock is acquired, equity will decrease.

Example: NiSource sells 1,000 sbares of treasury stock previously acquired at $11 per share for $15 per share. The entry is as follows:

Debit – Cash	15,000	
Credit – Treasury Stock		11,000
Credit – Paid-in Capital from Treasury Stock		4,000

Example: NiSource sells 1,000 shares of treasury stock previously acquired at $11 per share for $8 per share. The entry is:

Debit – Cash	8,000	
Debit – Paid-in Capital from Treasury Stock	3,000	
Credit – Treasury Stock		11,000

VI. AUTHORITY AND RESPONSIBILITY

The journal entries related to the accounting for treasury stock are determined by Consolidation Accounting who provides the entries to the Corporate Segment Controller. The corporate accounting segment controller is responsible for recording all activity related to treasury stock.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: 9/30/10
Prepared by: Matt Harris
Approved by: Segment Controllers
Reference No.
Subject: Equity Issuance Costs

I. INTRODUCTION

This policy provides guidelines for accounting for equity issuance costs.

II. SCOPE

Equity issuance costs are recorded at corporate and as such this policy applies to NiSource's Corporate business unit.

III. GAAP GUIDANCE

SAB Topic 5.A, Expenses of an Offering

ASC 340-10-S99-1

Specific incremental costs directly attributable to a proposed or actual offering of equity securities may properly be deferred and charged against the gross proceeds of the offering. However, management salaries or other general and administrative expenses may not be allocated as costs of the offering and deferred costs of an aborted offering may not be deferred and charged against proceeds of a subsequent offering. A short postponement (up to 90 days) does not represent an aborted offering.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

NiSource will record equity issuance costs in accordance with the above guidance as a reduction of gross proceeds received in the transaction. The offset to the reduction in proceeds due to the costs of an equity issuance is recorded as a debit to additional paid in capital.

Costs associated with an aborted equity offering may not be deferred and are charged to expense upon the equity offering being abandoned.

Costs associated in a forward equity transaction are generally recorded in equity when the shares are physically settled (i.e. when the shares are exchanged for cash). However, if the transaction is cash or net-share settled (i.e. the Company decides to not finish the transaction as planned and thus only has costs to the banks and underwriters), the equity costs are then expensed as no equity shares are issued.

VI. AUTHORITY AND RESPONSIBILITY

NiSource Corporate Accounting is responsible for recording entries related to an equity issuance.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy Guide

Issue date: January 22, 2010
Prepared by: Albert Romero
Approved by: Segment Controllers and Chief Accounting Officer
Reference No. 12.1
Subject: Parent Company Tax Savings and Loss Company Tax Allocations

I. INTRODUCTION

This policy applies to NiSource and all of its subsidiaries (NiSource Group) and provides guidance on consolidated tax allocations for federal and state income tax liabilities, and specifically, tax benefits from parent company tax losses. The policy is governed by the Tax Sharing Agreement (TSA) dated September 30, 2002 and applies to all members of the NiSource Group.

II. SCOPE

NiSource will estimate and assess to members of the NiSource Group their share of the quarterly estimated tax payments to be made on the projected consolidated income tax liability. The tax is paid quarterly and with the extension, if necessary, and is reconciled to the actual tax liability when the consolidated returns are filed. The tax liability is calculated on a stand alone basis and is adjusted for consolidated tax benefits discussed below.

NiSource Inc. (Co. 58) is a tax loss member company mainly as a result of the indebtedness incurred to finance the acquisition of CEG, and other expenses to comply with fiduciary duties. The taxable loss generated by Co. 58 provides a tax benefit which cannot be paid to Co. 58 under the terms of the TSA. In addition, the TSA provides that the tax benefit associated with interest on CEG acquisition indebtedness be allocated to NiFinance. Co 58's remaining tax losses and resulting tax benefits, "parent company tax savings", are allocated to subsidiaries with tax liabilities.

III. GAAP GUIDANCE

Subtopics ASC 740-30-27 & 28 address Allocation of Consolidated Tax Expense to Separate Financial Statements of Members. Subtopic 740-10-30-27 does not require a single allocation method. However, the method adopted must be systematic, rational, and consistent with the broad principles established by the subtopic. The stand alone/pro rata approach used by the TSA is a method that is systematic, rational, and consistent with the broad principles established by ASC 740-30-27.

IV. REGULATORY CONSIDERATIONS (ASC 980)

Not applicable to accounting for parent company or loss company tax savings but Regulatory Departments should be consulted during rate filing preparations.

V. NISOURCE APPLICATION

NiSource shall allocate the parent company tax savings to all subsidiaries with a tax liability. The allocation of parent company tax savings is calculated by multiplying the parent company tax savings by a fraction, the numerator of which is the subsidiaries stand alone tax liability and the denominator of which is the sum of all subsidiaries' stand alone tax liability. This method is utilized when allocating the quarterly estimate, the extension estimate, and the final tax liability after the consolidated returns are filed.

As stated above, NiSource Group members are assessed consolidated estimated taxes based on their stand alone tax liability or tax benefit adjusted for any allocated parent company tax savings. The quarterly estimated tax will be paid by or refunded to the members and the quarterly estimated payments will be reconciled to the actual assessment when the consolidated return is filed.

Sample accounting entries used to record Parent Company Tax Savings are as follows (see attached Final 2007 Federal Income Tax allocation Column (6)):

NI G/L		
Accrued Taxes	236	(11,939,727)
Investment in Subsidiary	123	11,939,727

To record parent company tax savings allocated to operating companies

Operating Company G/L (BSG example)		
Additional Paid in Capital	211	(419,262)
Accrued Taxes	236	419,262

To record parent company tax savings allocated to BSG. All companies allocated a parent company tax savings will record this entry.

VI. AUTHORITY AND RESPONSIBILITY

The Vice President, Corporate Tax of NiSource Corporate Services or such other official assigned will have the authority and responsibility to approve the quarterly/annual intercompany tax allocation as spelled out in the Tax sharing Agreement.

VII. APPENDICES

Appendix I - Intercompany Income Tax Allocation Agreement dated September 30, 2002 and 2007
Appendix II - Final Consolidated Income Tax Liability Allocation

Appendix I

September 30, 2002

NISOURCE INC. AND SUBSIDIARY COMPANIES

INTERCOMPANY INCOME TAX ALLOCATION AGREEMENT

WHEREAS, NiSource Inc., a corporation organized under the laws of the State of Delaware ("NiSource") and a registered holding company under the Public Utility Holding Company Act of 1935 ("Act"), together with its subsidiary companies, direct and indirect, listed as parties hereto, comprise the members of the NiSource consolidated group which will join annually in the filing of a consolidated Federal income tax return, and it is now the intention of NiSource and its subsidiaries, direct and indirect, (hereinafter collectively referred to as the "NiSource Group"), to enter into an agreement for the allocation of current federal income taxes; and

WHEREAS, certain members of the NiSource Group will join annually in the filing of certain consolidated state income tax returns (to the extent permitted or required under applicable state income tax laws), and it is now the intention of the NiSource Group to enter into an agreement for the allocation of current state income taxes; and

WHEREAS, by order dated September 12, 2002, the Securities and Exchange Commission has authorized NiSource and its subsidiaries to enter into this agreement as of January 1, 2001 and to allocate consolidated income taxes in the manner herein provided; and

NOW, THEREFORE, each member ("Member") of the NiSource Group does hereby covenant and agree with one another that the current consolidated income tax liabilities of the NiSource Group shall be allocated as follows:

Definitions and Interpretation

Section 1.1 Definitions. For all purposes of this Agreement, except as otherwise expressly provided, the following terms shall have the following respective meanings:

"Acquisition Indebtedness" means indebtedness incurred by NiSource or NiSource Finance Corp. ("Finance") to finance the acquisition (including related costs) by NiSource of all of the issued and outstanding stock of Columbia Energy Group and any renewals or extensions thereof. Acquisition Indebtedness also includes indebtedness incurred by NiSource or Finance for the purpose of refinancing the indebtedness relating to the acquisition (including related costs) of all of the issued and outstanding stock of Columbia Energy Group.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consolidated Group" means NiSource and all of its subsidiaries which, from time to time, may be included in any (i) federal income tax return filed by NiSource in accordance with sections 1501 and 1502 of the Code or (ii) Other Return.

"Consolidated Return" means any consolidated federal income tax return or Other Return filed by NiSource whether before or after the date hereof, which includes one or more Members of the NiSource Group in a consolidated, combined or unitary group of which NiSource is the common parent.

"Consolidated Return Year" means any period during which NiSource files a consolidated federal income tax return or Other Return that includes one or more Members of the NiSource Group in a consolidated, combined or unitary group of which NiSource is a common parent.

"Consolidated Taxable Income" is the taxable income of the Consolidated Group as computed for federal or state income tax purposes.

"Consolidated Tax Liability" means, with reference to any taxable period, the consolidated, combined or unitary tax liability (including any interest, additions to tax and penalties) of the Consolidated Group for such taxable period (including the consolidated federal income tax liability and other consolidated, combined or unitary liability for Other Taxes).

"Corporate Taxable Income" means the income or loss of an associate company for a tax year computed as though such company had filed a separate return on the same basis as used in the Consolidated Return, except that dividend income from associate companies shall be disregarded, and other intercompany transactions eliminated in the Consolidated Return shall be given appropriate effect.

"Designated Official" means the Vice President, Corporate Tax of NiSource Corporate Services Company or such other official assigned the responsibilities of Vice President, Corporate Tax of NiSource Corporate Services Company.

"Other Return" means any consolidated, combined or unitary return of Other Taxes filed by NiSource or another Member of the NiSource Group, whether before or after the date hereof, which covers the operations of one or more Members of the NiSource Group.

"Other Taxes" means any taxes (including any interest and penalties) payable by NiSource or another Member of the NiSource Group to the government of any state, municipal or other political subdivision, including all agencies and instrumentalities of such government.

"Person" means any individual, partnership, form, corporation, limited liability company, joint stock company, unincorporated association, joint venture, trust or other entity or enterprise, or any government or political subdivision or agency, department or instrumentality thereof.

"Regulations" means the Treasury Regulations promulgated under the Code.

"Separate Return Tax" means the tax on the Corporate Taxable Income of a corporation which is a Member computed for purposes of this Agreement as though such company were not a Member of a consolidated group.

Section 1.2 References, Etc. The words *"hereof"*, *"herein"* and *"hereunder"* and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined herein in the singular shall have the same meanings in the plural and *vice versa*. All References herein to any Person includes such Person's successors and assigns. All references herein to Articles and Sections shall, unless the context requires a different construction, be deemed to be references to the Articles and Sections of this Agreement. For purposes of this Agreement, Finance will not be treated as a Member of the NiSource Group and all items of income, deduction, loss, credit or any other tax attribute of Finance shall be treated as an item of income, deduction, loss, credit or tax attribute of NiSource. In this Agreement, unless a clear contrary intention appears the word *"including"* (and with correlative meaning "include") means "including but not limited to".

Preparation and Filing of Tax Returns; Allocation of Taxes

Section 2.1 Federal Returns.

(a) A U.S. consolidated federal income tax return shall be prepared and filed by NiSource for each taxable year in respect of which this Agreement is in effect and for which the Consolidated Group is required or permitted to file a consolidated federal income tax return. NiSource and all its subsidiaries shall execute and file such consents, elections and other documents that may be required or appropriate for the proper filing of such returns.

(b) (i) The Consolidated Group will elect, on a timely basis, in accordance with Code Section 1552(b) and Section 1.1552-1(c)(2) of the Regulations to allocate its consolidated tax liability (other than alternative minimum tax ("AMT") and its related credits) among its Members under the method described in Sections 1.1502-33(d)(3) and 1.1552-1(a)(2) commencing with the consolidated taxable year ended December 31, 2001. The fixed percentage to be used for purposes of Regulations section 1.1502-33(d)(3)(i) is 100%. The general effect of such method is to first allocate the consolidated tax liability among the Members of the Consolidated Group on the basis of the percentage of the total consolidated tax which the tax of such Member (other than AMT and its related credits) if computed on a separate return basis would bear to the total amount of the taxes (other than AMT and its related credits) for all Members of the group so computed. Then such method allocates an additional amount (the "Tax Benefit Amount") to each Member up to, but not greater than, the excess, if any, of its

Separate Return Tax liability (other than AMT and its related credits) over the amount allocated to such Member in the previous sentence. The total of the Tax Benefit Amounts allocated to Members shall result in payments to, and an increase in the earnings and profits of, the Members who had items of deduction, loss or credits to which such Tax Benefit Amount is attributable. This election is intended to comply with Rule 45(c)(5) under the Act, as modified by Section 2(d) below.

(ii) The allocation of the alternative minimum tax liability incurred by the NiSource Group and the resulting minimum tax credit shall be allocated in the manner set forth in Proposed and Temporary Treasury Regulation Sections 1.1502-55. This method generally allocates (i) any AMT paid by the NiSource Group based on the relative separate adjusted AMT of each Member and (ii) the minimum tax credit (AMTC) on the basis of the AMT previously assigned to such Member and assuming that AMTC is utilized on a "first in/first out" methodology, and that to the extent that AMTC arising in one year is not fully utilized, such AMTC is utilized proportionately by the Members previously assigned AMT for that year.

(c) Each Member's allocable share of the consolidated income tax liability as determined in Section 2.1(b) hereby shall be used in both (i) the determination of each Member's earnings and profits and (ii) determining the amounts to be paid (as provided in Section 3.4 of this Agreement) by Members to NiSource with respect to each Member's share of the Consolidated Group's Tax liability and payments from NiSource to Members with respect to the use of a Member's tax attributes.

(d) (i) The aggregate of all amounts paid by Members of the Consolidated Group (the "Paying Members") as a result of the excess of each Members' Separate Return Tax liability (as determined under Section 1.1552-1(a)(2)(ii) of the Regulations) over the amount allocated to such Member as its share of the Consolidated Tax Liability under Code Section 1552 (i.e., the Tax Benefit Amount) shall be paid by NiSource to the other Members (the "Loss Members") which had tax deductions, losses and credits to which such payments by the Paying Members are attributable. The apportionment of such payments among Loss Members shall be in a manner that reflects the Consolidated Group's absorption of such tax attributes in the manner described in Section 2.1(e) below. The payments to the Loss Members for their tax attributes shall be pursuant to a consistent method which reasonably reflects such items of loss or credit (such consistency and reasonableness to be determined by the Designated Official).

(ii) Notwithstanding the provisions of section 2.1(d)(i), the Tax Benefit Amount allocated to NiSource and paid to NiSource as a result of its being a Loss Member shall be limited to its Tax Benefit Amount determined without regard to this section 2.1(b)(ii) multiplied by a fraction, the numerator of which is NiSource's interest deduction attributable to Acquisition Indebtedness, and the denominator of which is the sum of all of NiSource's deductions. The portion of NiSource's Tax Benefit Amount which cannot be allocated and paid to NiSource due to the operation of this Section shall be reallocated to Paying Members of the Consolidated Group other than NiSource in accordance with the principles contained in section 2.1(b)(i).

(e) In apportioning the payments to Loss Members for the Tax Benefit Amount pursuant to Section 2.1(d) hereof:

(i) any consolidated net operating loss ("NOL") shall be allocated among the group Members pursuant to Regulations Section 1.1502-21(b). To the extent the consolidated NOL is carried back, any Member's individually allocable NOL shall be deemed carried back and utilized in proportion to the amount that the Member's NOL bears to the consolidated NOL. Analogous principles shall apply in the case of NOL carryforwards;

(ii) with respect to each type of credit used to offset all or a portion of the Consolidated Tax Liability otherwise payable, such credit shall be allocated among the Members by crediting to each Member an amount of credit which that Member would have available to utilize on a separate return basis in a manner consistent with the method set forth in Section 2.1(e)(i) above.

(iii) the cost of any credit recapture which results in the payment of tax shall be specifically allocated to the Member whose credit is recaptured determined in a manner consistent with the provisions of Section 2.1(e)(i) above.

(f) The allocation of tax shall be subject to further adjustment from time to time on account of the payment of additional tax or the receipt of a refund attributable to either the filing of an amended return or on account of the results of an audit conducted by the Internal Revenue Service or other relevant taxing authority.

Section 2.2 Other Taxes. (a) NiSource will prepare and file (or cause to be prepared and filed) all returns of Other Taxes which are required to be filed with respect to the operations of NiSource and its subsidiaries. In the event any taxing authority requires or permits that a combined, consolidated or unitary return be filed for Other Taxes, which return includes both NiSource and a subsidiary, NiSource may elect to file such return and shall have the right to require any Member to be included in such return. NiSource will advise each of its subsidiaries included in each Other Return and each governmental office in which any Other Return is filed. Other Taxes shall be allocated among the NiSource Group in a manner that is consistent with the method set forth in Article 2 hereof. Furthermore, amounts due to NiSource or from NiSource, with respect to Other Taxes, shall be determined in a manner consistent with Sections 2.1(b) and 2.1(d).

(b) Each Member of the NiSource Group that does not file an Other Return together with any other Member of the NiSource Group shall be solely responsible and obligated to pay the tax liability with respect to such return from its own funds. Such returns shall be prepared and filed by NiSource or the Member filing the Other Return.

(c) If any Member of the NiSource Group is required to file a combined, consolidated or unitary return for Other Taxes with another Member of the NiSource Group, but not with NiSource (an "Other Taxes Subgroup"), then NiSource shall have the rights, powers and obligations to file such tax returns and apportion among and, collect and remit from, the applicable Members such Other Taxes as the rights, powers and obligations given to NiSource under this Agreement with respect to the Consolidated Tax Liability. Such returns shall be prepared and filed by NiSource. If the right to file a combined, consolidated or unitary return for Other Taxes is optional, then NiSource shall decide which of its subsidiaries should, to the extent permitted by law, join in filing of such return.

Section 2.3 Member Tax Information. The Members of the Consolidated Group shall submit the tax information requested by the Designated Official of NiSource in the manner and by the date requested, in order to enable the Designated Official to calculate the amounts payable by the Members pursuant to Article 3 hereof.

Responsibility for Tax; Intercompany Payments

Section 3.1 Responsibility. Assuming the Members of the Consolidated Group have fulfilled their obligations pursuant to this Article III, then NiSource will be solely responsible for, and will indemnify and hold each Member of the Consolidated Group harmless with respect to, the payment of: (a) the Consolidated Tax Liability for each taxable period for which, as determined under Section 2.1 hereof, NiSource filed a Consolidated Return or should have been filed; and (b) any and all Other Taxes due or payable with respect to any Other Return which is filed by NiSource or should have been filed.

Section 3.2 Federal Tax Payments. (a) With respect to each Consolidated Return Year, the Designated Official of NiSource shall estimate and assess or pay to Members of the Consolidated Group their share of estimated tax payments to be made on a projected consolidated federal income tax return for each year. In making this determination, NiSource shall elect a method for determining estimated tax and each Member shall follow that method; provided, however, under no circumstances shall a Loss Member be paid any amount described in Section 2.1(d) until a date after which NiSource has filed the Consolidated Return for such Consolidated Return Year. Such Members will pay, to NiSource or be paid by NiSource, such estimates not later than the 15th day of the 4th, 6th, 9th and 12th months of such Consolidated Return Year. With respect to any extension payment, the Designated Official of NiSource shall estimate and assess or pay to Members of the Consolidated Group their share of such extension payment. The difference between (1) a Member's estimated tax payments used for computation of the quarterly estimated payments plus their extension payments and (2) such Member's actual Tax Liability for any Consolidated Return Year as determined under Section 2.1(b) hereof, shall be paid to NiSource or by NiSource within sixty (60) days after the filing of the consolidated federal income tax return.

(b) NiSource shall have sole authority, to the exclusion of all other Members of the Consolidated Group, to agree to any adjustment proposed by the Internal Revenue Service or any other taxing authority with respect to items of income, deductions or credits, as well as interest or penalties, attributable to any Member of the Consolidated Group during any Consolidated Return Year in which such Member was a Member of the Consolidated

Group notwithstanding that such adjustment may increase the amounts payable by Members of the Consolidated Group under this Section 3.2 or Section 3.3 hereof. In the event of any adjustment to the Consolidated Tax Liability relating to items of income, deductions or credit, as well as interest or penalties, attributable to any Member of the Consolidated Group by reason of an amended return, claim for refund or audit by the Internal Revenue Service or any other taxing authority, the liability of all other Members of the Consolidated Group under paragraphs (a) of this Section 3.2 or Section 3.3 hereof shall be redetermined to give effect to such adjustment as if such adjustment had been made as a part of the original computation of such liability, and payment from a Member to NiSource or by NiSource to a Member, as the case may be, shall be promptly made after any payments are made to the Internal Revenue Service or any other taxing authority, refunds received or final determination of the matter in the case of contested proceedings. In such event, any payments between the parties shall bear interest at the then prevailing rate or rates on deficiencies assessed by the Internal Revenue Service or any other relevant taxing authority, during the period from the due date of the Consolidated Return (determined without regard to extensions of time for the filing thereof) for the Consolidated Return Year to which the adjustments were made to the date of payment.

Section 3.3 Other Tax Payments. Payments by a Member with respect to Other Taxes and required estimates thereof for which any other Member has joint and several liability shall be calculated and made by or to such Member in the same manner as that provided in Section 3.2. The principles set forth in Section 3.2 governing the determination and adjustment of payments as well as the method of payment to or from such Member with respect to federal income taxes shall be equally applicable in determining and adjusting the amount of and due date of payments to be made to or from such subsidiary with respect to Other Taxes and estimates thereof. Each Member shall pay, directly to the appropriate taxing authority, all taxes for which such Member is liable and for which no other Member has joint or several liability.

Section 3.4 Payment Mechanics. (a) Any payments to be made by a subsidiary of NiSource pursuant to Section 2.1, 2.2, 3.2 or 3.3 hereof shall be made by such subsidiary to NiSource by either promptly crediting as an offset against amounts owed to such Member by NiSource or to the extent no amounts are owed to such Member by NiSource, by cash payments to NiSource. To the extent any payments are to be made to a subsidiary with respect to the use of such subsidiary's tax attributes by the Consolidated Group pursuant to Section 2.1, 2.2, 3.2 or 3.3 hereof, NiSource shall make such payment to such subsidiary by either promptly crediting as an offset against amounts owned by such Member to NiSource, or to the extent no amounts are owed to NiSource by such Member, by cash payments to the Member.

(b) Tax payments by NiSource with respect to any Consolidated Tax Liability shall be paid by NiSource and shall be debited to the Member of the Consolidated Group for their respective shares of such Consolidated Tax Liability as determined pursuant to Article II hereof. Tax Refunds received by NiSource with respect to any Consolidated Tax Liability, shall be paid by NiSource to the Member of the Consolidated Group entitled to such Tax Refund, as determined.

(c) NiSource shall be responsible for maintaining the books and records reflecting the intercompany accounts reflecting the amounts owned, collected and paid with respect to Taxes pursuant to this Agreement.

(d) NiSource may delegate to other Members of the Consolidated Group responsibilities for the collection and disbursement of monies as required under this Agreement as well as responsibilities for maintaining books and records as required under this Agreement.

Section 3.5 Administration. The provisions of this Agreement shall be administered by the Designated Official of NiSource. The interpretations of this Agreement by the Designated Official of NiSource shall be conclusive.

ARTICLE IV.

Miscellaneous Provisions

Section 4.1 Effect. The provisions hereof shall fix the rights and obligations of the parties as to the matters covered hereby whether or not such are followed for federal income tax or other purposes by the Consolidated Group, including the computation of earnings and profits for federal income tax purposes.

Section 4.2 Effective Date and Termination of Affiliation. This Agreement shall be effective with respect to all taxable years ending on or after January 1, 2001, in which any subsidiary of NiSource is a Member of the Consolidated Group for any portion of the tax year. In the event that a party to this Agreement ceases to be a Member of the Consolidated Group, the rights and obligations of such party and each other party to this Agreement shall survive, but only with respect to taxable years including or ending before the date such party ceases to be a Member of the Consolidated Group.

Section 4.3 Notices. Any and all notices, requests or other communications hereunder shall be given in writing (a) if to NiSource to Attention: Vice President, Tax, Facsimile Number: 219-647-6177 and (b) if to any other person, at such other address as shall be furnished by such person by like notice to the other parties.

Section 4.4 Expenses. Each party hereto shall pay its own expenses incident to this Agreement and the transactions contemplated hereby, including all legal and accounting fees and disbursements.

Section 4.5 Benefit and Burden. This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors.

Section 4.6 Amendments and Waiver. No amendment, modification, change or cancellation of this Agreement shall be valid unless the same is in writing and signed by the parties hereto. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the person against whom that waiver is sought to be enforced. The failure of any party at any time to insist upon strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same or any other condition, promise, agreement or understanding at a future time.

Section 4.7 Assignments. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto and any attempt to do so shall be null and void.

Section 4.8 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

Section 4.9 Entire Agreement. **THIS AGREEMENT SETS FORTH ALL OF THE PROMISES, AGREEMENTS, CONDITIONS, UNDERSTANDINGS, WARRANTIES AND REPRESENTATIONS AMONG THE PARTIES WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY, AND SUPERSEDES ALL PRIOR AGREEMENTS, ARRANGEMENTS AND UNDERSTANDINGS BETWEEN THE PARTIES HERETO, WHETHER WRITTEN, ORAL OR OTHERWISE. THERE ARE NO PROMISES, AGREEMENTS, CONDITIONS, UNDERSTANDINGS, WARRANTIES OR REPRESENTATIONS, ORAL OR WRITTEN, EXPRESS OR IMPLIED, AMONG THE PARTIES EXCEPT AS SET FORTH HEREIN.**

Section 4.10 Applicable Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF INDIANA.**

Section 4.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and together which shall constitute one instrument. The parties hereto specifically recognize that from time to time other corporations may become Members of the Consolidated Group and hereby agree that such new Members may become Members to this Agreement by executing a copy of this Agreement and it will be effective as if all the Members had re-signed.

Section 4.12 Attorneys' Fees. If any Member or former Member hereto commences an action against another party to enforce any of the terms, covenants, conditions or provisions of this Agreement, or because of a default by a party under this Agreement, the prevailing party in any such action shall be entitled to recover its costs, expenses and losses, including attorneys' fees, incurred in connection with the prosecution or defense of such action from the losing party.

Section 4.13 No Third Party Rights. Nothing in this Agreement shall be deemed to create any right in any creditor or other person or entity not a party hereto and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party.

Section 4.14 Further Documents. The parties agree to execute any and all documents, and to perform any and all other acts, reasonably necessary to accomplish the purposes of this Agreement.

Section 4.15 Headings and Captions. The headings and captions contained in this Agreement are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof if any question of intent should arise.

Section 4.16 Departing Members

(a) In the event that any Member of the NiSource Group at any time leaves the NiSource Group and, under any applicable statutory provision or regulation, that Member is assigned and deemed to take with it all or a portion of any of the tax attributes of the NiSource Group (including but not limited to NOL, credit carry forwards, and AMTC carry forwards), then to the extent that the amount of tax attributes so assigned differs from the amount of such attributes previously allocated to such Member under this agreement, the departing Member shall appropriately settle with the NiSource Group. Such settlement shall consist of payment (1) on a dollar for dollar basis for all differences in credits, and, (2) in the case of NOL differences (or other differences related to other deductions), in a dollar amount computed by reference to the amount of NOL multiplied by the applicable tax rate relating to such NOL. The settlement payment shall be paid to NiSource within sixty days after the Member leaves the NiSource Group. The settlement amounts shall be allocated among the remaining Members of the NiSource Group in proportion to the relative level of attributes possessed by each Member and the attributes of each Member shall be adjusted accordingly.

(b) Upon the departure of any Member from the NiSource Group, such Member shall allocate its items of income, deduction, loss and credit between the period that it was a Member of the NiSource Group and the period thereafter based upon a closing of the books methodology allowed under Treasury Regulation Section 1.1502-76(b)(2). The difference between (1) its prior estimated taxes or payments of Tax Benefit and (2) the amount of taxes due or payments of Tax Benefit due to that Member, shall be appropriately settled on the day such Member leaves the NiSource Group or on an alternative date mutually agreeable in writing to the NiSource Group and the departing Member.

EXECUTED as of the date and year first above written.

By: /s/ J. W. Grossman
Printed Name: Jeffrey W. Grossman
Title: Vice President and Controller
NiSource Inc.

By: /s/ J. W. Grossman
Printed Name: Jeffrey W. Grossman
Title: Vice President
[List of companies attached as Exhibit A]

By: /s/ J. W. Grossman
Printed Name: Jeffrey W. Grossman
Title: President
Columbia Insurance Corporation, Ltd.

By: /s/ H. Phillip Conrad
Printed Name: H. Phillip Conrad
Title: President
Northern Indiana Trading Company, Inc.

EXHIBIT A

Bay State Gas Company

Bay State GPE, Inc.

Northern Utilities, Inc.

Columbia Energy Group

Columbia Atlantic Trading Corporation

Columbia Energy Group Capital Corporation

TriStar Gas Technologies, Inc.

Columbia Energy Resources, Inc.

Alamco-Delaware, Inc.

Columbia Natural Resources, Inc.

Columbia Natural Resources Canada, Ltd.

Hawg Hauling and Disposal, Inc.

Columbia Energy Services Corporation

Columbia Energy Marketing Corporation

Columbia Energy Power Marketing Corporation

Columbia Energy Retail Corporation

Columbia Accounts Receivable Corporation

Columbia Gas of Kentucky, Inc.

Columbia Gas of Maryland, Inc.

Columbia Gas of Ohio, Inc.

Columbia Gas of Pennsylvania, Inc.

Columbia Gas of Virginia, Inc.

Columbia Gas Transmission Corporation

Columbia Gulf Transmission Company

Columbia Network Services Corporation

    CNS Microwave, Inc.

Columbia Petroleum Corporation

Columbia Pipeline Corporation

    Columbia Deep Water Services Company

Columbia Remainder Corporation

    Columbia Electric Binghamton General Corporation

    Columbia Electric Binghamton Limited Corporation

    Columbia Electric Haverstraw Corporation

Columbia Service Partners, Inc.

    Columbia Assurance Agency, Inc.

    Columbia Service Partners of Virgina, Inc.

Columbia Transmission Communications Corporation

EnergyUSA, Inc. (IN)

EnergyUSA, Inc. (MA)

EnergySPE, Inc.

EnergyUSA (Connecticut), Inc.

EnergyUSA Engineering, Inc.

EnergyUSA Mechanical, Inc.

EnergyUSA Commercial Energy Services, Inc.

EnergyUSA Retail, Inc.

EnergyUSA-TPC Corp.

EnergyUSA-Appalachian Corp.

NI Energy Services Transportation, Inc.

NI Fuel Company, Inc.

NI-TEX, Inc.

NI-TEX Gas Services, Inc.

IWC Resources Corporation

Harbour Water Corporation

Indianapolis Water Company

Irishman's Run Acquisition Corporation

IWC Morgan Water Corporation

Lawrence Water Company, Inc.

Liberty Water Corporation

The Darlington Water Works Company

Kokomo Gas and Fuel Company

NI Energy Services, Inc.

Crossroads Pipeline Company

NESI Power Marketing, Inc.

NiSource Capital Markets, Inc.

NiSource Corporate Services Company (DE)

NiSource Development Company, Inc.

Cardinal Property Management, Inc.

JOF Transportation Company

Lake Erie Land Company

SCC Services, Inc.

NDC Douglas Properties, Inc.

South Works Power Company

NiSource Energy Technologies, Inc.

NiSource Finance Corp.

NiSource Pipeline Group, Inc.

Granite State Gas Transmission, Inc.

Bay State Energy Enterprises, Inc.

Northern Indiana Fuel and Light Company, Inc.

Northern Indiana Public Service Company

Primary Energy, Inc.

Cokenergy, Inc.

Harbor Coal Company

Lakeside Energy Corporation

North Lake Energy Corporation

Portside Energy Corporation

Whiting Clean Energy, Inc.

NISOURCE INC AND SUBSIDIARIES
2007 FINAL CONSOLIDATED INCOME TAX LIABILITY   FEDERAL
Schedule A

U:\Income Taxes\Consolidation\tax alloc\2007\[Copy of 2007 NI Tax Allocation Final.xls]federal

Company Name	Federal Tax I.D.	Taxable Income (1)	Corporate Eliminations (2)	Reclass Acquisition Indebtedness (3)	Total Consolidated Taxable Income (4)	Federal Tax rate 35.00% (5)	Nisource (DE) Tax Savings Allocation (6)	Total Regular Tax (7)
Nisource Inc. (DE)	35-2108964	(237,545,806)	-	203,431,501	(34,113,305)	(11,939,727)	11,939,727	-
Bay State Gas Company	04-3442797	28,542,888	-		28,542,888	9,290,011	(419,262)	8,870,749
Bay State GPE, Inc.	04-3479039	-	-		-	-		-
Northern Utilities, Inc.	04-2687009	7,545,343	-		7,546,343	2,640,870	(119,184)	2,521,686
Columbia Energy Group	12-1594808	6,421,675	-		6,421,575	2,247,586		2,247,586
Columbia Atlantic Trading Corporation	61-0122560	(37,337)	-		(37,337)	(13,068)		(13,068)
Columbia Energy Services Corporation	61-0573109	(22,549,162)	-		(22,549,162)	(7,892,207)		(7,892,207)
Columbia Gas of Kentucky, Inc.	55-0139565	5,363,129	(51,811)		5,311,318	1,858,981	(83,896)	1,775,085
Central Kentucky Transmission	20-1712388	53,946	-		53,946	18,881	(852)	18,029
Columbia Gas of Maryland, Inc.	25-1093185	4,106,915	(7,295)		4,099,620	1,434,867	(64,756)	1,370,111
Columbia Gas of Ohio, Inc.	31-0673990	112,073,186	735,708		112,808,894	39,483,113	(1,781,889)	37,701,224
Columbia of Ohio Receivables Corp.	20-1082141	300,977	-		300,977	105,342	(4,754)	100,588
Columbia Gas of Pennsylvania, Inc.	25-1100262	15,061,290	304,242		15,365,532	5,377,936	(242,709)	5,135,227
Columbia Gas of Virginia, Inc.	54-0844210	1,701,914	(580,422)		1,121,492	392,522	(17,715)	374,807
Columbia Gas Transmission Corporation	31-0802435	222,756,313	-		222,756,313	77,964,710	(3,518,579)	74,446,131
Columbia Hardy	20-2839346	1,746,872			1,746,872	611,405	(27,593)	583,812
Columbia Gulf Transmission Company	74-1321143	42,706,890	-		42,706,890	14,947,412	(674,583)	14,272,829
Columbia Insurance Corporation LTD.	54-1846993	(467,374)	-		(467,374)	(163,581)		(163,581)
CNS Microwave, Inc.	55-0753507	593,987	-		593,987	207,895	(9,382)	198,513
Columbia Deep Water Services Company	54-1878331	12,709	-		12,709	4,448	(201)	4,247
Columbia Remainder Corporation	31-1768090	(4,134,962)	-		(4,134,962)	(1,447,237)		(1,447,237)
EnergyUSA Inc. (IN)	35-2073844	(2,272,801)	-		(2,272,801)	(795,480)		(795,480)
EnergyUSA Inc. (MA)	04-3289550	35,943	-		35,943	12,580	(568)	12,012
EnergyUSA Commercial Energy Services, Inc.	35-2008055	8,245	-		8,245	2,886	(130)	2,756
EnergyUSA-TPC Corp.	35-2116555	5,393,763	-		5,393,763	1,887,817	(85,198)	1,802,619
NI Energy Services Transportation, Inc.	35-2057424	17,081	-		17,081	5,978	(270)	5,708
IWC Resources Corp.	35-1658895	(2,237,595)	-		(2,237,595)	(783,158)		(783,158)
Darlington Water Works	35-0250931	-	-		-	-		-
Harbour Water Corp.	35-1458468	-	-		-	-		-
Indianapolis Water Company	35-0414230	(500,929)	-		(500,929)	(175,325)		(175,325)
Irishman's Run Acquisition Corp.	35-2091741	-	-		-	-		-
IWC Morgan Water Corp.	35-2088542	-	-		-	-		-
Lawrence Water	35-2062417	-	-		-	-		-
Liberty Water Corp.	35-1905119	-	-		-	-		-
Kokomo Gas and Fuel Company	35-0448232	3,690,727	-		3,690,727	1,291,754	(58,297)	1,233,457
Crossroads Pipeline Company	35-1885801	(3,355,241)	-		(3,355,241)	(1,174,334)		(1,174,334)
~~NiSource Capital Markets, Inc.~~	~~35-1762940~~	~~(2,369,142)~~	-		~~(2,369,142)~~	~~(829,200)~~		~~(829,200)~~
NiSource Corporate Services Company	13-1598081	8,507,914	-		8,507,914	2,977,770		2,977,770
NiSource Development Company, Inc.	35-1740489	(11,539,864)	-		(11,539,864)	(4,038,952)		(4,038,952)
Cardinal Property Management, Inc.	35-1815414	20,996	-		20,996	7,349	(332)	7,017
JOF Transportation Company	35-1787646	2,052,407	-		2,052,407	718,342	(32,419)	685,923
Lake Erie Land Company	35-1798438	(1,673,419)	-		(1,673,419)	(585,697)		(585,697)
SCC Services, Inc.	35-1848416	1	-		1	-		-
NDC Douglas Properties, Inc.	35-1853485	(1,042,819)	-		(1,042,819)	(364,987)		(364,987)
Process and Control Technology Corp	68-0272139	-	-		-	-		-
South Works Power Company	35-2079418	-	-		-	-		-
NiSource Energy Technologies, Inc.	35-2123828	(1,654,334)	-		(1,654,334)	(579,017)		(579,017)
NiSource Finance Corp.	35-2105468	(969,885)	-	(203,431,501)	(204,401,386)	(71,540,489)		(71,540,489)
Granite State Gas Transmission, Inc.	02-0241630	29,048	-		29,048	10,167	(459)	9,708
Northern Indiana Fuel and Light Company, Inc.	35-0840153	2,226,523	25,106		2,251,629	791,570	(35,724)	755,846
Northern Indiana Trading Company	35-1732055	1,279,845	-		1,279,845	447,946	(20,216)	427,730
Northern Indiana Public Service Company	35-0552990	293,365,818	-		293,365,818	102,665,038	(4,634,216)	98,050,822
NIPSCO Accounts Receivable	20-0445079	6,745,066	-		6,745,066	2,360,773	(106,543)	2,254,230
Primary Energy, Inc.	35-1974460	(4,597,466)	-		(4,597,466)	(1,609,113)		(1,609,113)
Whiting Clean Energy	35-2061279	(66,987,933)	1,185,931		(65,802,002)	(23,030,701)		(23,030,701)
Whiting Clean Energy, llc	73-0733505	-	-		-	-		-
NiSource Retail Services, Inc.	05-1713246	(52,348)			(52,348)	(18,322)		(18,322)
Total		406,393,782	1,621,459		408,015,241	142,805,334		142,805,334

10/21/2008

Appendix II

NISOURCE INC AND SUBSIDIARIES
2007 FINAL CONSOLIDATED INCOME TAX LIABILITY
Schedule A

FEDERAL

Schedule A
(Page 1 of 2)

Schedule A
(Page 2 of 2)

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Company Name	Federal Tax I.D.	Allocation of AMT (8)	Tax Credits (9)	Low Income Housing Credit (10)	Final Tax Liability (11)	Payment / Refunds 04/15/07 (12)	06/15/2007 (13)	09/15/2007 (14)	Prior Overpayment 09/15/2007 (15)	12/15/2007 (16)	Total Payments (Refunds) (17)	Remaining Tax Liability less payments (18)
Nisource Inc. (DE)	35-2108964	-	-	-	-	0	0	0	0	0	-	-
Bay State Gas Company	04-3442797	-	-	-	8,870,749	1,410,000	3,037,000	3,683,000	1,441,000	2,432,000	12,003,000	(3,132,251)
Bay State GPE, Inc.	04-3479039	-	-	-	-	0	0	0			-	-
Northern Utilities, Inc.	04-2357009	-	-	-	2,521,686	(61,000)	349,000	1,186,000	300,000	728,000	2,502,000	19,686
Columbia Energy Group	13-1594808	-	-	-	2,247,586	(195,000)	(381,000)	(1,028,000)	(420,000)	(1,472,000)	(3,495,000)	5,742,586
Columbia Atlantic Trading Corporation	51-0122560	-	-	-	(13,068)	0	0	(3,000)	(1,000)	(6,000)	(10,000)	(3,068)
Columbia Energy Services Corporation	61-0573109	-	-	-	(7,892,207)	(1,080,000)	(2,101,000)	(2,371,000)	(977,000)	(1,608,000)	(8,137,000)	244,793
Columbia Gas of Kentucky, Inc.	55-0139565	-	(1,641)	-	1,773,424	(121,000)	419,000	891,000	391,000	1,670,000	3,250,000	(1,466,576)
Central Kentucky Transmission	20-1712366	-	-	-	18,029	3,000	6,000	6,000	3,000	4,000	24,000	(5,971)
Columbia Gas of Maryland, Inc.	25-1093185	-	(1,031)	-	1,369,080	110,000	222,000	359,000	106,000	85,000	882,000	487,080
Columbia Gas of Ohio, Inc.	31-0673990	-	(9,024)	-	37,692,200	4,605,000	6,352,000	17,188,000	7,538,000	27,094,000	62,777,000	(25,084,800)
Columbia of Ohio Receivables Corp.	20-1082141	-	-	-	100,588	11,000	21,000	25,000	12,000	32,000	101,000	(412)
Columbia Gas of Pennsylvania, Inc.	25-1100252	-	(10,963)	-	5,124,244	787,000	236,000	1,816,000	431,000	322,000	3,592,000	1,532,244
Columbia Gas of Virginia, Inc.	54-0344210	-	(322)	-	374,485	1,340,000	2,648,000	3,045,000	1,045,000	628,000	8,706,000	(8,331,515)
Columbia Gas Transmission Corporation	31-0802435	-	-	-	74,446,131	12,739,000	24,060,000	25,945,000	10,569,000	14,849,000	89,162,000	(13,735,869)
Columbia Hardy	20-2939346	-	-	-	583,812	0	0	0			-	583,812
Columbia Gulf Transmission Company	74-1321143	-	-	-	14,272,829	1,246,000	3,085,000	3,718,000	1,348,000	1,831,000	11,228,000	3,044,829
Columbia Insurance Corporation LTD.	54-1846993	-	-	-	(163,581)	114,000	222,000	(58,000)	(27,000)	(476,000)	(225,000)	61,419
CNS Microwave, Inc.	55-0753507	-	-	-	198,513	23,000	44,000	77,000	28,000	81,000	233,000	(34,487)
Columbia Deep Water Services Company	54-1378351	-	-	-	4,247	(1,000)	(2,000)	1,000		1,000	(1,000)	5,247
Columbia Remainder Corporation	31-1768090	-	-	-	(1,447,237)	65,000	165,000	(11,000)	2,000	(224,000)	17,000	(1,464,237)
EnergyUSA Inc. (IN)	35-2073844	-	-	-	(795,480)	(107,000)	(209,000)	(194,000)	(84,000)	(102,000)	(696,000)	(99,480)
EnergyUSA Inc. (MA)	04-3269650	-	-	-	12,012	0	0	0			-	12,012
EnergyUSA Commercial Energy Services, Inc.	35-2008055	-	-	-	2,756	0	0	0			-	2,756
EnergyUSA-TPC Corp.	35-2118555	-	-	-	1,802,619	172,000	336,000	432,000	175,000	342,000	1,457,000	345,619
NI Energy Services Transportation, Inc.	35-2057424	-	-	-	5,708	0	0	0			-	5,708
IWC Resources Corp.	35-1668358	-	-	-	(783,158)	0	0	(103,000)	(59,000)	(328,000)	(490,000)	(293,158)
Darlington Water Works	35-0260331	-	-	-	-	0	0	0			-	-
Harbour Water Corp.	35-1459465	-	-	-		0	0	0			-	-
Indianapolis Water Company	35-0414230	-	-	-	(175,325)	0	0	0			-	(175,325)
Irishman's Run Acquisition Corp.	35-2091741	-	-	-	-	0	0	0			-	-
IWC Morgan Water Corp.	35-2083542	-	-	-	-	0	0	0			-	-
Lawrence Water	35-2062417	-	-	-	-	0	0	0			-	-
Liberty Water Corp.	35-1905119	-	-	-	-	0	0	0			-	-
Kokomo Gas and Fuel Company	35-0448232	-	-	-	1,233,457	122,000	239,000	285,000	144,000	413,000	1,203,000	30,457
Crossroads Pipeline Company	35-1865801	-	-	-	(1,174,334)	12,000	23,000	(306,000)	(44,000)	(51,000)	(366,000)	(808,334)
~~NiSource Capital Markets, Inc.~~	~~35-1762940~~	-	-	-	~~(829,200)~~	~~0~~	~~0~~	~~0~~			-	~~(829,200)~~
NiSource Corporate Services Company	13-1596061	-	-	-	2,877,770	26,000	28,000	64,000	(441,000)	(3,368,000)	(3,671,000)	6,848,770
NiSource Development Company, Inc.	35-1749489	-	[illegible]	-	(4,038,952)	(568,000)	(1,105,000)	(1,613,000)	(608,000)	(1,166,000)	(5,060,000)	1,021,048
Cardinal Property Management, Inc.	35-1815414	-	-	-	7,017	0	0	0	-		-	7,017
JOF Transportation Company	35-1757546	-	(91,000)	-	594,923	0	0	0			-	594,923
Lake Erie Land Company	35-1798438	-	-	-	(585,697)	0	0	0			-	(585,697)
SCC Services, Inc.	35-1848416	-	-	-	-	0	0	0			-	-
NDC Douglas Properties, Inc.	35-1853485	-	-	(1,054,322)	(1,419,309)	0	0	0			-	(1,418,309)
Process and Control Technology Corp	68-0272139	-	-	-	-	0	0	0			-	-
South Works Power Company	35-2079418	-	-	-	-	0	0	0			-	-
NiSource Energy Technologies, Inc.	35-2123826	-	-	-	(579,017)	(104,000)	(203,000)	(104,000)	(1,000)	400,000	(12,000)	(567,017)
NiSource Finance Corp.	35-2105468	-	-	-	(71,540,489)	(8,957,000)	(18,043,000)	(21,311,000)	(8,709,000)	(15,496,000)	(72,526,000)	985,511
Granite State Gas Transmission, Inc.	02-0241630	-	-	-	8,708	(59,000)	(115,000)	(84,000)	(1,000)	264,000	(5,000)	14,708
Northern Indiana Fuel and Light Company, Inc.	35-0840183	-	-	-	755,846	141,000	276,000	329,000	104,000	13,000	863,000	(107,154)
Northern Indiana Trading Company	35-1732095	-	-	-	427,730	50,000	98,000	117,000	48,000	86,000	399,000	28,730
Northern Indiana Public Service Company	35-0552990	-	-	-	98,050,822	14,255,000	29,838,000	31,983,000	12,543,435	16,179,000	104,795,435	(6,744,613)
NIPSCO Accounts Receivable	20-0446079	-	-	-	2,254,230	129,000	252,000	516,000	284,000	1,035,000	2,196,000	58,230
Primary Energy, Inc.	35-1974450	-	-	-	(1,609,113)	(315,000)	(613,000)	(731,000)	(215,000)	82,000	(1,792,000)	182,887
Whiting Clean Energy	35-2081279	-	-	-	(23,030,701)	(1,821,000)	(4,219,000)	(4,476,000)	(2,588,000)	(8,447,000)	(21,551,000)	(1,479,701)
Whiting Clean Energy, llc	76-0733505	-	-	2	-	0	0	0			-	10/21/2008 -
NiSource Retail Services, Inc.	06-1713248				(18,322)	20,000	38,000	3,000	(6,000)	(107,000)	(52,000)	33,678
Total		-	(114,001)	(1,054,322)	141,637,011	24,000,000	45,000,000	59,000,000	22,331,435	38,000,000	188,331,435	(44,694,424)

NiSource™

Accounting Policy Guide

Issue date: 3/31/10
Prepared by: John O'Brien
Approved by: Paul Newman & BU Controllers
Reference No. 000
Subject: Uncertain Tax Positions

I. INTRODUCTION

This policy provides guidelines for the accounting for Uncertain Tax Positions.

II. SCOPE

This policy applies to all NiSource business units.

III. GAAP GUIDANCE

ASC 740-10-25 "Recognition"
ASC 740-10-30 "Initial Measurement"
ASC 740-10-35 "Subsequent Measurement"
ASC 740-10-40 "Derecognition"
ASC 740-10-45-11,12 "Other Presentation Matters – Unrecognized Tax Benefits"
ASC 740-10-50-15 "Unrecognized Tax Benefit Disclosures"
ASC 740-10-50-19 "Interest and Penalty Recognition Policies"
ASC 740-10-55 "Implementation Guidance and Illustrations"

IV. NISOURCE APPLICATION

A tax position is a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. If less than 100% of the amount claimed, or to be claimed, in the tax return is expected to be sustained, the position represents an Uncertain Tax Position.

NiSource will evaluate its uncertain tax positions in accordance with the requirements and guidance in the Subtopics of ASC 740 listed above as follows:

- Uncertain tax positions must meet a more-likely-than-not threshold (more than 50%) that the position will be sustained upon examination before any tax benefit related to the tax position is recognized in the financial statements.
- Once the more-likely-than-not recognition threshold is met, the tax benefit that is reflected in the financial statements is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information.
- Tax benefits from uncertain tax positions that satisfy the more-likely-than-not recognition threshold shall be measured and documented using a cumulative probability table. I
- In applying the Recognition and Measurement standards described above, the Company will document the Unit-of-Account used in making such determinations.
- Subsequent to initial recognition and measurement, each uncertain tax position shall be evaluated quarterly for subsequent re-measurement or derecognition.
- NiSource shall make the disclosures required by ASC 740-10-50-15 in its annual report to the SEC on Form 10-K.

NiSource has several control measures to ensure proper documentation and measurement of Uncertain Tax Positions on a quarterly basis:

- Audit Schedule FF-MTQ is completed on a quarterly basis to document current quarter activity of any recurring or originating Uncertain Tax Positions.

- Audit Schedule FF-UTP is completed on a quarterly basis documenting tax, interest and penalties that accrue in the quarter for Uncertain Tax Position by company. The amount is recorded in such quarter.
- In identifying the Unit-of-Account to measure the potential of any uncertainty around tax positions, the company must make a determination on a case-by-case or position-by-position basis. In determining the appropriateness of the unit of account, tax management is involved in the decision taking all laws and other factors into account regarding the item of income or deduction.
- A tax officer attests to the Chief Financial Officer that Uncertain Tax Position have been reviewed for the quarter and that recognition, de-recognition, measurement and UTP account balances are based upon the facts, circumstances, and information available at the reporting date.
- Third party review of the federal tax return is completed, upon the discretion of Chief Financial Officer, to have an external view of potential uncertain positions in filed returns.
- The analysis of Uncertain Tax Positions is provided to external auditors on a quarterly basis.

V. REGULATORY CONSIDERATIONS (FAS 71 IMPACT)

Accounting for Uncertain Tax Positions should not be reflected on FERC accounting statements, per May 25, 2007 accounting guidance issued by the FERC.

VI. AUTHORITY AND RESPONSIBILITY

The Vice President of Tax reviews and attests to Chief Financial Officer the balances of uncertain tax positions.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy Guide

Issue date: 3/31/2010
Prepared by: Panpilas Fischer
Approved by: Paul J. Newman & BU Controllers
Reference No.
Subject: Tax Gross-up on Contributions in Aid of Construction

I. INTRODUCTION

This policy provides guidelines on the accounting for and tax treatment of contributions in aid of construction and the tax gross-up thereon.

II. SCOPE

This policy applies to all NiSource business units receiving nonrefundable donations or contributions in cash or properties from individuals, governmental agencies or others for construction or property-addition purposes.

III. GAAP GUIDANCE

Not applicable.

IV. NISOURCE APPLICATION

Reimbursements received for the relocation of existing facilities or the construction of new facilities is considered a contribution in aid of construction (CIAC) which may or may not be subject to income tax. Contributions that are received as a prerequisite or an inducement to providing service by the utility are generally taxable while contributions received for projects clearly benefitting the public as a whole (i.e. government required relocation projects) are generally not taxable (see Notice 87-82, 1987-2 CB 389 (Appendix A) and Internal Revenue Code (IRC) Section 118(b).)

The amendment of IRC Section 118(b) by the Tax Reform Act of 1986 requires that taxable CIAC's be included in taxable income in the year received and is effective for contributions received after December 31, 1986. Because of the repeal of the income exclusion for CIAC, taxable contributions from customers may require a gross-up for the payment of income taxes, depending upon each jurisdiction's regulatory policy.

Where a tax gross-up is required, it is calculated by applying an income tax gross-up factor to the gross amount of the CIAC reduced by the present value of future tax depreciation deductions. The tax gross-up factor is calculated under the following formula (Combined Marginal Federal and State Income Tax Rate/(1-Combined Marginal Federal and State Income Tax Rate) (see attached example in Appendix B).

Accounting entries for the receipt of the CIAC and related tax gross-up are as follows:

CIAC = $100,000
Tax Gross-up = $33,494

Dr. Cash	133,494	
Cr. Plant		100,000
Cr. Other Income		33,494

In cases where it is difficult to determine whether a CIAC is taxable or nontaxable, such as for certain gas and electric interconnections and meters where the contributor is not a customer of the NiSource company receiving the CIAC, the New Business/Sales Team should consider requiring a tax gross-up or a tax indemnity, should the IRS subsequently determine on audit that the contribution is taxable.

V. REGULATORY CONSIDERATIONS

Columbia Gas Transmission, Columbia Gulf Transmission, Crossroads, Columbia Gas of Virginia and Bay State Gas are required to charge a tax gross-up on all taxable contributions. Columbia Gas of Kentucky, Columbia Gas of Maryland, Columbia Gas of Pennsylvania, Columbia Gas of Ohio, NIFL and Kokomo Gas do not charge a tax gross-up, but are permitted to include the deferred tax asset (reduction in deferred tax liability) in rate base (or as a reduction to zero cost capital), so they earn a return on the tax cost of the CIAC until the CIAC is 100% depreciated on the company's income tax return. For NIPSCO, the FERC regulated portion of the business is required to charge a tax gross-up on taxable CIAC's, while the non-FERC portion of the business would not charge a tax gross-up.

VI. AUTHORITY AND RESPONSIBILITY

The New Business Team or Sales Team is responsible for classifying the contributions as either taxable or nontaxable based on directions from the Tax Department. They are also responsible for determining the amount of the contribution and the tax gross-up when required and using the correct account classifications.

VII. APPENDICES

Appendix A – IRS Notice 87-82, 1987-2 CB 389 – Regulated Public Utilities—Contributions in Aid of Construction After Tax Reform

Appendix B – Sample Tax Gross-up Calculation.

Appendix C – Tax Gross-up Rates by Company

Appendix A

Notice 87-82, 1987-2 CB 389, IRC Sec(s). 118

Headnote:

Notice 87-82, 1987-2 CB 389

Reference(s): Code Sec. 118;

Full Text:

Regulated Public Utilities--Contributions in Aid of Construction After Tax Reform

This notice provides guidance with respect to the treatment of contributions in aid of construction after enactment of section 824 of the Tax Reform Act of 1986 (the "Act"), Pub.L. No. 99-514 [1986-3 (Vol. 1) 291].

I. Background

Section 118(b) of the Internal Revenue Code of 1954 (the "1954 Code") provided a special rule for contributions in aid of construction received by regulated public utilities ("utilities") providing certain services. Under this rule, contributions in aid of construction were treated as contributions to capital and were therefore excluded from gross income under section 118(a). Section 824 of the Act changed the treatment of amounts received as contributions in aid of construction after December 31, 1986, in taxable years ending after such date. New section 118(b) of the Internal Revenue Code of 1986 (the "1986 Code") expressly provides that contributions in aid of construction and other contributions made by a customer or potential customer (collectively, "CIACs") are not contributions to capital and thus are not excluded from gross income under section 118. Accordingly, such amounts are required to be included in gross income under section 61.

II. Relocation of Utility Facilities

The Internal Revenue Service has received numerous inquiries regarding the Federal income tax treatment under the 1986 Code of fees and other amounts received by utilities for relocating utility facilities ("relocation fees"). Frequently, utilities are required to relocate utility facilities in order to accommodate a public right-of-way. For example, a utility line may have to be relocated in order to allow for the construction or improvement of a public highway. Similarly, overhead utility lines may be placed underground under a governmental program undertaken for reasons of community esthetics and public safety. In such cases, the utility typically receives, directly or indirectly, a relocation fee in reimbursement for the costs of relocating the utility facilities.

The legislative history to section 824 of the Act indicates that Congress viewed the receipt by utilities of CIACs as a prepayment for future services that the utilities would provide to their customers. H.R. Rep. No. 99-426, 99th Cong., 1st Sess. 643-45 (1985) ("House Report"). Congress viewed the exclusion of these amounts from income as inappropriate and accordingly, required that a utility report as an item of gross income the value of any property, including money, that it receives to provide, or encourage...the provision of, services to or for the benefit of the person transferring the property. A utility is considered as having received property to encourage the provision of services if the receipt of the property is a prerequisite to the provision of services, if the receipt of the property results in the provision of services earlier than would be the case had the property not been received, or if the receipt of the property otherwise causes the transferor to be favored in any way.

<u>House Report at 644.</u>

The legislative history to the Act also indicates that a

person transferring the property will be considered as having been benefitted [from such transfer] if he is the person who will receive the [utility] services, an owner of the property that will receive the services, a former owner of the property that will receive the services, or if he derives any benefit from the property that will receive the services. Thus, a builder who transfers property to a utility in order to obtain services for a house that he was paid to build will be considered as having benefitted from the provision of the services...despite the fact that the builder may never have had an ownership interest in the property and may make the transfer to the utility after the house has been completed and accepted.

<u>House Report at 644-45.</u>

In contrast, the legislative history to the Act provides that the repeal of section 118(b) of the 1954 Code does not affect transfers of property which are not made in connection with the provision of services, including situations where "it is clearly shown that the benefit of the public as a whole was the primary motivating factor in the transfers." *Id.*

Based on the foregoing, the Federal income tax treatment of many types of relocation fees has not be affected by section 824 of the Act. If, for example, it can be shown that a particular payment received by a utility does not reasonably relate to the provision of services by such utility to or for the benefit of the person making the payment but rather relates to the benefit of the public at large, then the payment is **<Page 390>** not treated as a CIAC under section 118(b) of the 1986 Code. For example, relocation payments received by a utility under a government program for placing utility lines underground shall not be treated as CIACs where such relocation is undertaken for purposes of community esthetics and public safety and not for the direct benefit of particular customers of the utility in their capacity as customers. *See Brown Shoe Co. v. Commissioner,* 339 U.S. 583 (1950) (payments made by certain community groups as an inducement to location or expansion of taxpayer's factory were held to be contributions to taxpayer's capital because the payments were made to benefit the community at large, and not for services). Similar principles apply where the utility is being reimbursed for the costs of relocating utility lines to accommodate the construction or expansion of a highway and not for the provision of utility services.

Moreover, taxpayers failing to meet the criteria for exclusion of relocation fees under section 118(a) may treat such fees under the provisions of section 1031 or 1033 if the conditions of the respective section are otherwise met.

In other cases, however, relocation fees are treated as CIACs and included in gross income because they relate to the provision of services by the utility to or for the benefit of the person making the payment. Assume, for example, that a customer of a utility moves its business office to another location and is required to pay the utility a fee to relocate the utility facilities to the new office site. The utility has received the fee as a prerequisite to the provision of services to the new location, and thus the fee is a CIAC under section 118(b) and is included currently in the utility's income. In addition, assume a real estate developer pays a fee to a utility in return for the utility extending new underground services to a particular tract being developed. Since the payment is being made to or for the benefit of the developer and since the fee is a prerequisite to the provision of underground services to the tract, the fee is a CIAC and currently included in the utility's gross income.

Similarly, assume that a potential customer of a utility is required (either by the utility or by a governmental entity) to pay the utility for the costs of relocating utility facilities in order to obtain access to utility services for a site the customer is developing. Since the payment of the relocation fees is a prerequisite to obtaining utility services, the payment is a CIAC and is included in the utility's income, regardless of whether the particular utility facilities being relocated are related to the site the customer is developing.

Relocation fees are treated as CIACs and included in gross income if such payments relate to the provision of services by the utility, regardless of the status or identity of the customer from whom the fees are received. For example, assume a utility receives a payment relating to the relocation or extension of utility facilities to a newly constructed municipal building (*e.g.,* a public hospital, civic center, or museum) whose operations are conducted for the benefit of the community at large. Assume also that payment of the relocation fee was required in order to obtain utility services for the new building. Since the relocation fee is a prerequisite to the provision of services to the customer, the fee is a CIAC and included in gross income even though the customer is exclusively engaging in activities for the public benefit. Similarly, payments that are made to a utility as a prerequisite to the utility providing new or additional services to particular customers are treated as CIACs and included in gross income because such payments are a prerequisite to the provision of services by the utility, although a governmental entity may be making the payments in question.

III. Fair Market Value of CIACs

A utility shall include in income the amount of any cash received as a CIAC and the fair market value of all property received as a CIAC. If the property received by the utility will be used in the provision of utility services, all of the relevant facts and circumstances are taken into account in determining the fair market value of the property. Absent unusual circumstances, normally the value of such property provided to a utility is the "replacement cost" of the property, *i.e.,* the cost that another party would incur to construct property that is functionally similar to the subject property and thus could replace such subject property in the performance of the property's intended function. The fact that property received as a CIAC is not included in the utility's rate base or cost of service for regulatory accounting purposes shall not, in any manner, affect the determination of the fair market value of the property for this purpose. *See* Rev. Rul. 87-117, page 61, this Bulletin.

IV. Other Transactions Qualifying as CIACs

A transaction will be treated as a CIAC if such treatment is in accordance with the substance of the transaction, regardless of the form in which such transaction is conducted. For example, a sale of property to a utility at less than its fair market value (with fair market value being determined as described in the provisions of section III of this notice) will be treated as CIAC that is taxable to the utility to the extent of the bargain element in the sale. A lease of property to a utilty at less than its fair market rental value will be treated in a similar manner, with the bargain element inherent in each periodic rent payment taxed to the utility at the time such payment is made.

In addition, a transaction will be treated as a CIAC if the utility effectively obtains the burdens and benefits of ownership with respect to property, although legal title to such property is held by the customer, a governmental entity, or another person. Transactions which purportedly avoid CIAC characterization through the retention of legal title to property by a person other than a utility will be scrutinized carefully and will be treated as taxable CIACs to the utility if, in fact, the utility is, for Federal income tax purposes, the owner of the property. Factors which suggest ownership of the property by the utility include, but are not limited to, (i) whether the utility is responsible for maintaining the property; (ii) whether the utility effectively has unrestricted access to and control of the property; and (iii) whether the utility would bear legal liability with respect to a malfunction of or accident involving the property.**<Page 391>**

Similarly, any payment to a utility (whether such payment is direct or indirect) will be treated as a CIAC if such payment is made to obtain the provision of services from the utility and otherwise meets the requirements of this notice. Thus, for example, a utility will be taxed on a CIAC regardless of whether the customer engages the services of an unrelated contractor to construct the property to which the CIAC relates or whether the customer instead directly pays the CIAC to the utility with the utility itself assuming responsibility to construct the related property.

Moreover, a purported loan to a utility from a person benefitting from utility services relating to the loan (*e.g.*, a real estate developer, customer, or potential customer) will be treated as a CIAC and included in the utility's gross income if the transaction lacks the economic characteristics of a genuine loan for Federal income tax purposes. As an example, where repayment of a "loan" by a utility to the lender is contingent and the contingent loan is made to allow or to encourage the utility to provide services for the benefit of the person making the loan, the amount received by the utility will be treated as a taxable CIAC. Where a utility included the entire amount of such a "loan" in taxable income as a CIAC, repayments of such loan by the utility to the lender would normally be deductible by the utility when made.

Finally, where a genuine loan with a "below-market" interest rate is made from persons benefitting from utility services to the utility, the utility shall currently include in income as a CIAC the benefit that the utility receives from the below-market interest rate. *See* section 7872.

V. Normalization of CIACs

Section 168(f)(2) of the 1986 Code effectively provides that a utility is required to use a normalization method of accounting with respect to public utility property in order to use the accelerated methods of depreciation under section 168 with respect to that property. Under section 168(i)(9)(C), a utility not using a normalization method of accounting with respect to public utility property is required to use a method of depreciation and a depreciation period for such property that is the same as the method and period used by the taxpayer in computing its depreciation expense for purposes of establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account. Public utility property is defined in section 167(1)(3)(A) as property used predominantly in the trade or business of furnishing or selling various enumerated utility services at rates established or approved by certain governmental entities, public utility commissions, and other similar bodies. Public utility property includes property that is received as a CIAC or that is financed or acquired with the proceeds of CIACs. In any such case, the CIAC property is subject to the normalization rules of sections 167 and 168.

For regulatory accounting purposes, utilities typically disregard the receipt of CIACs on their regulated books of account and do not include CIACs or CIAC property in income, cost of service, or rate base. This method of accounting (the "noninclusion method") is equivalent to including a

CIAC in income in the year of receipt and depreciating the related CIAC property in its entirety in the same year. Accordingly, a utility using the noninclusion method of accounting for a CIAC will be treated for purposes of the normalization rules as if it computed its regulated tax expense by depreciating the related CIAC property in its entirety in the year in which the CIAC is received. the Internal Revenue Service believes that this treatment is consistent with the noninclusion method of accounting and is necessary in order to carry out the purposes of the normalization rules.

Under the normalization rules, a utility must make adjustments to a reserve to reflect the deferral of taxes resulting from the difference between the amount of depreciation used to determine the utility's Federal income tax liability and the amount of depreciation used to compute regulated tax expense. In the typical case, part of the utility's tax expense is deferred (*i.e.,* taxes are actually paid to the Federal government after they are taken into account under the regulatory accounting method) because property is depreciated more rapidly in determining Federal income tax liability than in computing regulated tax expense. If a utility uses the noninclusion method of accounting for CIACs, however, CIAC property is depreciated less rapidly in determining Federal income tax liability than in computing regulated tax expense, and taxes are paid before they are taken into account under the regulatory accounting method. This prepayment, or negative deferral, of tax is also subject to the normalization rules, and the utility must make adjustments to the reserve for deferred taxes to reflect the prepayment.

Under these adjustments, the amount of deferred taxes on the utility's regulated books of account is offset or decreased by the prepayment of tax resulting from the taxable receipt of the CIAC. Thus, if a taxpayer reduces rate base by the deferred taxes resulting from normalization, any prepayment to tax resulting from the normalization of CIACs will increase the rate base to which the utility's rate of return is applied. Similarly, if a taxpayer treats the deferred taxes resulting from normalization as "zero-cost" or "no- cost" capital for ratemaking purposes, any prepayment of taxes resulting from the normalization of CIACs will decrease the amount of zero-cost capital or no-cost capital for ratemaking purposes.

Further adjustments are made to the reserve for deferred taxes when the timing differences with respect to CIAC property reverse. This occurs as depreciation is taken into account in determining Federal income tax liability over the applicable recovery period prescribed under section 168. As the reversal occurs, previously paid taxes will be taken in account under the regulatory accounting method that will reduce, ultimately to zero, the amount of prepaid tax resulting from the normalization of the CIAC.

If, in its regulatory accounting for CIACs, a utility uses or changes to a method other than the noninclusion method, the normalization rules apply to timing differences determined under the regulatory accounting method used by the utility. For example, if a utility changes to a regulatory accounting method under which CIAC property is depreciated over its useful life, the deferral of tax **<Page 392>** resulting from the normalization of a CIAC taken into account under the new method would depend on the difference between the depreciation taken into account under the new method and the depreciation taken into account in determining Federal income tax liability.

VI. Normalization Rules Not Applicable to Certain CIACs

The normalization rules do not apply to a CIAC (or property related thereto) if the following conditions are satisfied:

(1) The CIAC is included in gross income solely by reason of the amendments to section 118(b) of the Code by section 824 of the Act;

(2) The utility uses the noninclusion method of accounting for the CIAC;

(3) The Federal income tax attributable to the receipt of the CIAC is not taken into account in determining cost of service for any person (other than, perhaps, the person from whom the CIAC is received, *i.e.,* the "contributor"); and

(4) The contributor pays the utility an additional amount that is reasonably intended to indemnify or reimburse the utility for the prepayment of tax resulting from receipt of the CIAC (an "indemnification").

In the case of CIAC that satisfies these conditions (a "grossed-up" CIAC), neither the utility nor its ratepayers (other than the contributor) are affected by the prepayment of taxes that results from receipt of the CIAC. Thus, it is not necessary to normalize a grossed-up CIAC in order to carry out the purposes of the normalization rules. *See* section 167(1)(5). Alternatively, grossed-up CIACs may be normalized in the same manner as other CIACs. Thus, a utility may use an accelerated method of depreciation under section 168 with respect to its public utility property whether or not grossed-up CIACs are normalized by the utility. The utility's depreciable basis in the CIAC property is determined under other provisions of the Code and is independent of the existence of an indemnification. If, for example, a utility receives a total payment from a contributor of $160 and expends $100 in constructing the CIAC property, the utility's depreciable basis in the property is $100. Similarly, if a utility receives a total payment from a contributor of $100 and expends $100 in constructing the CIAC property (with the income tax payments pertaining to the CIAC being obtained from other sources), the utility's depreciable basis in the property is also $100.

The condition of indemnification, necessary in order for a payment to qualify as a grossed-up CIAC, is required only for the prepayment of tax that results from receipt of the CIAC. Thus, the amount of the indemnification may be determined by reducing the amount of tax attributable to the receipt of the CIAC by the present value of the tax benefits to be obtained by depreciating the CIAC property in determining the utility's Federal income tax liability. A reduction attributable to such tax benefits is not required, however, because the identity of the ultimate recipient of those benefits pertaining to the grossed-up CIAC (*i.e.,* the contributor, the utility, or the utility's ratepayers) is a matter outside the scope of the normalization rules and Federal income tax laws.

A utility may establish that an indemnification has occurred (i) by reference to a contract or agreement in which the contributor and the utility provide for such indemnification, (ii) by reference to an indemnification requirement contained in a rate order issued by a regulatory commission or in the record of a hearing or similar proceeding conducted by such a commission, or (iii) by any other reasonable method or procedure. Moreover, the Internal Revenue Service will not scrutinize the adequacy of an indemnification in any case in which the parties have attempted in good faith to indemnify or reimburse the utility for the prepayment of tax that results from receipt of the CIAC.

VII. Accounting Treatment of CIACs By Customers

Sections 1.461-1(a)(1) and (2) of the Income Tax Regulations provide that taxpayers using the cash and accrual methods of accounting, respectively, may not currently deduct the total amount of an expenditure which results in the creation of an asset having a useful life which extends substantially beyond the close of the taxable year. Instead, such taxpayers are required to capitalize such expenditures as assets and deduct the costs of the expenditures over the useful life of the asset in question. *See, e.g.,* Rev. Rul. 70-413, 1970-2 C.B. 103.

Any taxpayer paying a CIAC to a utility is incurring an expenditure which results in the creation of an intangible asset having a useful life extending substantially beyond the close of the taxpayer's taxable year. If a taxpayer incurs a CIAC with respect to property used in a trade or business and is required to replace the CIAC property upon its obsolescence or deterioration, the amount of such payment is capitalized and deducted on a pro rata basis over the useful life of the asset. In such a situation, the useful life of the intangible asset would correspond to the economic life (in contrast to the tax life or recovery period) of the public utility property to which the CIAC relates. *See, e.g.,* Rev. Rul. 69-229, 1969- 1 C.B. 86. In contrast, if the taxpayer incurs a CIAC with respect to property used in a trade or business and is not required to replace the CIAC property upon its obsolescence or deterioration, the intangible asset has an indeterminate economic life. In such a case, the taxpayer must capitalize the payment and is not permitted to amortize the amount of the prepaid asset. *See, e.g.,* Rev. Rul. 68-607, 1968-2 C.B. 115.

In the case of a taxpayer (*e.g.,* a real estate developer or home builder) who incurs CIACs with respect to property primarily held for sale to customers in the ordinary course of the taxpayer's business, the cost of the CIAC should be capitalized. The intangible asset should be allocated to the property held for sale to customers and deducted when such property and the related intangible asset are sold.

VIII. Transactions not Affected by this Notice

This notice does not apply to transactions which do not involve CIACs as described under section 118(b) and this notice. Thus, for example, this notice does not apply to "customer connection fees" as defined in section 118(b)(3)(A) of the 1954 Code (Such connection fees are currently included in gross income by utilities under both the 1986 and **<Page 393>** 1954 Codes). Similarly, this notice does not apply to payments made from utilities to their customers. Thus, for example, this notice does not apply to payments made to a public utility in connection with the supply of electricity to such utility by a cogenerating facility under the Public Utilities Regulatory Policy Act of 1978 ("PURPA"), Pub. L. No. 95-617. No inference is intended herein as to the treatment of such transactions.

Notice 87-82, 1987-2 CB 389, IRC Sec(s). 118

Headnote:

Notice 87-82, 1987-2 CB 389

Reference(s): Code Sec. 118;

Full Text:

Regulated Public Utilities--Contributions in Aid of Construction After Tax Reform

This notice provides guidance with respect to the treatment of contributions in aid of construction after enactment of section 824 of the Tax Reform Act of 1986 (the "Act"), Pub.L. No. 99-514 [1986-3 (Vol. 1) 291].

I. Background

Section 118(b) of the Internal Revenue Code of 1954 (the "1954 Code") provided a special rule for contributions in aid of construction received by regulated public utilities ("utilities") providing certain services. Under this rule, contributions in aid of construction were treated as contributions to capital and were therefore excluded from gross income under section 118(a). Section 824 of the Act changed the treatment of amounts received as contributions in aid of construction after December 31, 1986, in taxable years ending after such date. New section 118(b) of the Internal Revenue Code of 1986 (the "1986 Code") expressly provides that contributions in aid of construction and other contributions made by a customer or potential customer (collectively, "CIACs") are not contributions to capital and thus are not excluded from gross income under section 118. Accordingly, such amounts are required to be included in gross income under section 61.

II. Relocation of Utility Facilities

The Internal Revenue Service has received numerous inquiries regarding the Federal income tax treatment under the 1986 Code of fees and other amounts received by utilities for relocating utility facilities ("relocation fees"). Frequently, utilities are required to relocate utility facilities in order to accommodate a public right-of-way. For example, a utility line may have to be relocated in order to allow for the construction or improvement of a public highway. Similarly, overhead utility lines may be placed underground under a governmental program undertaken for reasons of community esthetics and public safety. In such cases, the utility typically receives, directly or indirectly, a relocation fee in reimbursement for the costs of relocating the utility facilities.

The legislative history to section 824 of the Act indicates that Congress viewed the receipt by utilities of CIACs as a prepayment for future services that the utilities would provide to their customers. H.R. Rep. No. 99-426, 99th Cong., 1st Sess. 643-45 (1985) ("House Report"). Congress viewed the exclusion of these amounts from income as inappropriate and accordingly, required that a utility

report as an item of gross income the value of any property, including money, that it receives to provide, or encourage...the provision of, services to or for the benefit of the person transferring the property. A utility is considered as having received property to encourage the provision of services if the receipt of the property is a prerequisite to the provision of services, if the receipt of the property results in the provision of services earlier than would be the case had the property not been received, or if the receipt of the property otherwise causes the transferor to be favored in any way.

House Report at 644.

The legislative history to the Act also indicates that a

person transferring the property will be considered as having been benefitted [from such transfer] if he is the person who will receive the [utility] services, an owner of the property that will receive the services, a former owner of the property that will receive the services, or if he derives any benefit from the property that will receive the services. Thus, a builder who transfers property to a utility in order to obtain services for a house that he was paid to build will be considered as having benefitted from the provision of the services...despite the fact that the builder may never have had an ownership interest in the property and may make the transfer to the utility after the house has been completed and accepted.

House Report at 644-45.

In contrast, the legislative history to the Act provides that the repeal of section 118(b) of the 1954 Code does not affect transfers of property which are not made in connection with the provision of services, including situations where "it is clearly shown that the benefit of the public as a whole was the primary motivating factor in the transfers." *Id.*

Based on the foregoing, the Federal income tax treatment of many types of relocation fees has not be affected by section 824 of the Act. If, for example, it can be shown that a particular payment received by a utility does not reasonably relate to the provision of services by such utility to or for the benefit of the person making the payment but rather relates to the benefit of the public at large, then the payment is **<Page 390>** not treated as a CIAC under section 118(b) of the 1986 Code. For example, relocation payments received by a utility under a government program for placing utility lines underground shall not be treated as CIACs where such relocation is undertaken for purposes of community esthetics and public safety and not for the direct benefit of particular customers of the utility in their capacity as customers. *See Brown Shoe Co. v. Commissioner,* 339 U.S. 583 (1950) (payments made by certain community groups as an inducement to location or expansion of taxpayer's factory were held to be contributions to taxpayer's capital because the payments were made to benefit the community at large, and not for services). Similar principles apply where the utility is being reimbursed for the costs of relocating utility lines to accommodate the construction or expansion of a highway and not for the provision of utility services.

Moreover, taxpayers failing to meet the criteria for exclusion of relocation fees under section 118(a) may treat such fees under the provisions of section 1031 or 1033 if the conditions of the respective section are otherwise met.

In other cases, however, relocation fees are treated as CIACs and included in gross income because they relate to the provision of services by the utility to or for the benefit of the person making the payment. Assume, for example, that a customer of a utility moves its business office to another location and is required to pay the utility a fee to relocate the utility facilities to the new office site. The utility has received the fee as a prerequisite to the provision of services to the new location, and thus the fee is a CIAC under section 118(b) and is included currently in the utility's income. In addition, assume a real estate developer pays a fee to a utility in return for the utility extending new underground services to a particular tract being developed. Since the payment is being made to or for the benefit of the developer and since the fee is a prerequisite to the provision of underground services to the tract, the fee is a CIAC and currently included in the utility's gross income.

Similarly, assume that a potential customer of a utility is required (either by the utility or by a governmental entity) to pay the utility for the costs of relocating utility facilities in order to obtain access to utility services for a site the customer is developing. Since the payment of the relocation fees is a prerequisite to obtaining utility services, the payment is a CIAC and is included in the utility's income, regardless of whether the particular utility facilities being relocated are related to the site the customer is developing.

Relocation fees are treated as CIACs and included in gross income if such payments relate to the provision of services by the utility, regardless of the status or identity of the customer from whom the fees are received. For example, assume a utility receives a payment relating to the relocation or extension of utility facilities to a newly constructed municipal building (*e.g.,* a public hospital, civic center, or museum) whose operations are conducted for the benefit of the community at large. Assume also that payment of the relocation fee was required in order to obtain utility services for the new building. Since the relocation fee is a prerequisite to the provision of services to the customer, the fee is a CIAC and included in gross income even though the customer is exclusively engaging in activities for the public benefit. Similarly, payments that are made to a utility as a prerequisite to the utility providing new or additional services to particular customers are treated as CIACs and included in gross income because such payments are a prerequisite to the provision of services by the utility, although a governmental entity may be making the payments in question.

III. Fair Market Value of CIACs

A utility shall include in income the amount of any cash received as a CIAC and the fair market value of all property received as a CIAC. If the property received by the utility will be used in the provision of utility services, all of the relevant facts and circumstances are taken into account in determining the fair market value of the property. Absent unusual circumstances, normally the value of such property provided to a utility is the "replacement cost" of the property, *i.e.,* the cost that another party would incur to construct property that is functionally similar to the subject property and thus could replace such subject property in the performance of the property's intended function. The fact that property received as a CIAC is not included in the utility's rate base or cost of service for regulatory accounting purposes shall not, in any manner, affect the determination of the fair market value of the property for this purpose. *See* Rev. Rul. 87-117, page 61, this Bulletin.

IV. Other Transactions Qualifying as CIACs

A transaction will be treated as a CIAC if such treatment is in accordance with the substance of the transaction, regardless of the form in which such transaction is conducted. For example, a sale of property to a utility at less than its fair market value (with fair market value being determined as described in the provisions of section III of this notice) will be treated as CIAC that is taxable to the utility to the extent of the bargain element in the sale. A lease of property to a utility at less than its fair market rental value will be treated in a similar manner, with the bargain element inherent in each periodic rent payment taxed to the utility at the time such payment is made.

In addition, a transaction will be treated as a CIAC if the utility effectively obtains the burdens and benefits of ownership with respect to property, although legal title to such property is held by the customer, a governmental entity, or another person. Transactions which purportedly avoid CIAC characterization through the retention of legal title to property by a person other than a utility will be scrutinized carefully and will be treated as taxable CIACs to the utility if, in fact, the utility is, for Federal income tax purposes, the owner of the property. Factors which suggest ownership of the property by the utility include, but are not limited to, (i) whether the utility is responsible for maintaining the property; (ii) whether the utility effectively has unrestricted access to and control of the property; and (iii) whether the utility would bear legal liability with respect to a malfunction of or accident involving the property.**<Page 391>**

Similarly, any payment to a utility (whether such payment is direct or indirect) will be treated as a CIAC if such payment is made to obtain the provision of services from the utility and otherwise meets the requirements of this notice. Thus, for example, a utility will be taxed on a CIAC regardless of whether the customer engages the services of an unrelated contractor to construct the property to which the CIAC relates or whether the customer instead directly pays the CIAC to the utility with the utility itself assuming responsibility to construct the related property.

Moreover, a purported loan to a utility from a person benefitting from utility services relating to the loan (*e.g.,* a real estate developer, customer, or potential customer) will be treated as a CIAC and included in the utility's gross income if the transaction lacks the economic characteristics of a genuine loan for Federal income tax purposes. As an example, where repayment of a "loan" by a utility to the lender is contingent and the contingent loan is made to allow or to encourage the utility to provide services for the benefit of the person making the loan, the amount received by the utility will be treated as a taxable CIAC. Where a utility included the entire amount of such a "loan" in taxable income as a CIAC, repayments of such loan by the utility to the lender would normally be deductible by the utility when made.

Finally, where a genuine loan with a "below-market" interest rate is made from persons benefitting from utility services to the utility, the utility shall currently include in income as a CIAC the benefit that the utility receives from the below-market interest rate. *See* section 7872.

V. Normalization of CIACs

Section 168(f)(2) of the 1986 Code effectively provides that a utility is required to use a normalization method of accounting with respect to public utility property in order to use the accelerated methods of depreciation under section 168 with respect to that property. Under section 168(i)(9)(C), a utility not using a normalization method of accounting with respect to public utility property is required to use a method of depreciation and a depreciation period for such property that is the same as the method and period used by the taxpayer in computing its depreciation expense for purposes of establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account. Public utility property is defined in section 167(1)(3)(A) as property used predominantly in the trade or business of furnishing or selling various enumerated utility services at rates established or approved by certain governmental entities, public utility commissions, and other similar bodies. Public utility property includes property that is received as a CIAC or that is financed or acquired with the proceeds of CIACs. In any such case, the CIAC property is subject to the normalization rules of sections 167 and 168.

For regulatory accounting purposes, utilities typically disregard the receipt of CIACs on their regulated books of account and do not include CIACs or CIAC property in income, cost of service, or rate base. This method of accounting (the "noninclusion method") is equivalent to including a CIAC in income in the year of receipt and depreciating the related CIAC property in its entirety in the same year. Accordingly, a utility using the noninclusion method of accounting for a CIAC will be treated for purposes of the normalization rules as if it computed its regulated tax expense by depreciating the related CIAC property in its entirety in the year in which the CIAC is received. the Internal Revenue Service believes that this treatment is consistent with the noninclusion method of accounting and is necessary in order to carry out the purposes of the normalization rules.

Under the normalization rules, a utility must make adjustments to a reserve to reflect the deferral of taxes resulting from the difference between the amount of depreciation used to determine the utility's Federal income tax liability and the amount of depreciation used to compute regulated tax expense. In the typical case, part of the utility's tax expense is deferred (*i.e.,* taxes are actually paid to the Federal government after they are taken into account under the regulatory accounting method) because property is depreciated more rapidly in determining Federal income tax liability than in computing regulated tax expense. If a utility uses the noninclusion method of accounting for CIACs, however, CIAC property is depreciated less rapidly in determining Federal income tax liability than in computing regulated tax expense, and taxes are paid before they are taken into account under the regulatory accounting method. This prepayment, or negative deferral, of tax is also subject to the normalization rules, and the utility must make adjustments to the reserve for deferred taxes to reflect the prepayment.

Under these adjustments, the amount of deferred taxes on the utility's regulated books of account is offset or decreased by the prepayment of tax resulting from the taxable receipt of the CIAC. Thus, if a taxpayer reduces rate base by the deferred taxes resulting from normalization, any prepayment to tax resulting from the normalization of CIACs will increase the rate base to which the utility's rate of return is applied. Similarly, if a taxpayer treats the deferred taxes resulting from normalization as "zero-cost" or "no-cost" capital for ratemaking purposes, any prepayment of taxes resulting from the normalization of CIACs will decrease the amount of zero-cost capital or no-cost capital for ratemaking purposes.

Further adjustments are made to the reserve for deferred taxes when the timing differences with respect to CIAC property reverse. This occurs as depreciation is taken into account in determining Federal income tax liability over the applicable recovery period prescribed under section 168. As the reversal occurs, previously paid taxes will be taken in account under the regulatory accounting method that will reduce, ultimately to zero, the amount of prepaid tax resulting from the normalization of the CIAC.

If, in its regulatory accounting for CIACs, a utility uses or changes to a method other than the noninclusion method, the normalization rules apply to timing differences determined under the regulatory accounting method used by the utility. For example, if a utility changes to a regulatory accounting method under which CIAC property is depreciated over its useful life, the deferral of tax **<Page 392>** resulting from the normalization of a CIAC taken into account under the new method would depend on the difference between the depreciation taken into account under the new method and the depreciation taken into account in determining Federal income tax liability.

VI. Normalization Rules Not Applicable to Certain CIACs

The normalization rules do not apply to a CIAC (or property related thereto) if the following conditions are satisfied:

(1) The CIAC is included in gross income solely by reason of the amendments to section 118(b) of the Code by section 824 of the Act;

(2) The utility uses the noninclusion method of accounting for the CIAC;

(3) The Federal income tax attributable to the receipt of the CIAC is not taken into account in determining cost of service for any person (other than, perhaps, the person from whom the CIAC is received, *i.e.,* the "contributor"); and

(4) The contributor pays the utility an additional amount that is reasonably intended to indemnify or reimburse the utility for the prepayment of tax resulting from receipt of the CIAC (an "indemnification").

In the case of CIAC that satisfies these conditions (a "grossed-up" CIAC), neither the utility nor its ratepayers (other than the contributor) are affected by the prepayment of taxes that results from receipt of the CIAC. Thus, it is not necessary to normalize a grossed-up CIAC in order to carry out the purposes of the normalization rules. *See* section 167(1)(5). Alternatively, grossed-up CIACs may be normalized in the same manner as other CIACs. Thus, a utility may use an accelerated method of depreciation under section 168 with respect to its public utility property whether or not grossed-up CIACs are normalized by the utility. The utility's depreciable basis in the CIAC property is determined under other provisions of the Code and is independent of the existence of an indemnification. If, for example, a utility receives a total payment from a contributor of $160 and expends $100 in constructing the CIAC property, the utility's depreciable basis in the property is $100. Similarly, if a utility receives a total payment from a contributor of $100 and expends $100 in constructing the CIAC property (with the income tax payments pertaining to the CIAC being obtained from other sources), the utility's depreciable basis in the property is also $100.

The condition of indemnification, necessary in order for a payment to qualify as a grossed-up CIAC, is required only for the prepayment of tax that results from receipt of the CIAC. Thus, the amount of the indemnification may be determined by reducing the amount of tax attributable to the receipt of the CIAC by the present value of the tax benefits to be obtained by depreciating the CIAC property in determining the utility's Federal income tax liability. A reduction attributable to such tax benefits is not required, however, because the identity of the ultimate recipient of those benefits pertaining to the grossed-up CIAC (*i.e.*, the contributor, the utility, or the utility's ratepayers) is a matter outside the scope of the normalization rules and Federal income tax laws.

A utility may establish that an indemnification has occurred (i) by reference to a contract or agreement in which the contributor and the utility provide for such indemnification, (ii) by reference to an indemnification requirement contained in a rate order issued by a regulatory commission or in the record of a hearing or similar proceeding conducted by such a commission, or (iii) by any other reasonable method or procedure. Moreover, the Internal Revenue Service will not scrutinize the adequancy of an indemnification in any case in which the parties have attempted in good faith to indemnify or reimburse the utility for the prepayment of tax that results from receipt of the CIAC.

VII. Accounting Treatment of CIACs By Customers

Sections 1.461-1(a)(1) and (2) of the Income Tax Regulations provide that taxpayers using the cash and accrual methods of accounting, respectively, may not currently deduct the total amount of an expenditure which results in the creation of an asset having a useful life which extends substantially beyond the close of the taxable year. Instead, such taxpayers are required to capitalize such expenditures as assets and deduct the costs of the expenditures over the useful life of the asset in question. *See, e.g.,* Rev. Rul. 70-413, 1970-2 C.B. 103.

Any taxpayer paying a CIAC to a utility is incurring an expenditure which results in the creation of an intangible asset having a useful life extending substantially beyond the close of the taxpayer's taxable year. If a taxpayer incurs a CIAC with respect to property used in a trade or business and is required to replace the CIAC property upon its obsolescence or deterioration, the amount of such payment is capitalized and deducted on a pro rata basis over the useful life of the asset. In such a situation, the useful life of the intangible asset would correspond to the economic life (in contrast to the tax life or recovery period) of the public utility property to which the CIAC relates. *See, e.g.,* Rev. Rul. 69-229, 1969- 1 C.B. 86. In contast, if the taxpayer incurs a CIAC with respect to property used in a trade or business and is not required to replace the CIAC property upon its obsolescence or deterioration, the intangible asset has an indeterminate economic life. In such a case, the taxpayer must capitalize the payment and is not permitted to amortize the amount of the prepaid asset. *See, e.g.,* Rev. Rul. 68-607, 1968-2 C.B. 115.

In the case of a taxpayer (*e.g.,* a real estate developer or home builder) who incurs CIACs with respect to property primarily held for sale to customers in the ordinary course of the taxpayer's business, the cost of the CIAC should be capitalized. The intangible asset should be allocated to the property held for sale to customers and deducted when such property and the related intangible asset are sold.

VIII. Transactions not Affected by this Notice

This notice does not apply to transactions which do not involve CIACs as described under section 118(b) and this notice. Thus, for example, this notice does not apply to "customer connection fees" as defined in section 118(b)(3)(A) of the 1954 Code (Such connection fees are currently included in gross income by utilities under both the 1986 and **<Page 393>** 1954 Codes). Similarly, this notice does not apply to payments made from utilities to their customers. Thus, for example, this notice does not apply to payments made to a public utility in connection with the supply of electricity to such utility by a cogenerating facility under the Public Utilities Regulatory Policy Act of 1978 ("PURPA"), Pub. L. No. 95-617. No inference is intended herein as to the treatment of such transactions.

Appendix B

10-Jun-13
COLUMBIA GAS TRANSMISSION CORPORATION
CONTRIBUTIONS IN AID OF CONSTRUCTION
CALCULATION OF TAX GROSS UP
RELATIVE TO 15-YEAR PROPERTY

Example

Work Order No.

CONTRIBUTION IN AID	100,000.00
COMPOSITE TAX RATE	38.7479%
RATE OF RETURN	11.7800%
AMOUNTS NOT RECOVERABLE THROUGH TAX DEPRECIATION	0.00

CALCULATION:

CONSTRUCTION CONTRIBUTION	100,000.00	
TAX RATE	38.7479%	
TAX EFFECT	38,747.90	
PRESENT WORTH OF TAX DEPR	18,232.06	
NET PRESENT WORTH - TAX COST	20,515.84	
ANY AMOUNTS NOT RECOVERABLE THROUGH TAX DEPRECIATION	0.00	
TOTAL TO BE RECOVERED	20,515.84	
RATIO TO REFLECT TAX	1.632597	
GROSS UP AMOUNT	33,494.10	0.3349
TOTAL AMOUNT TO BE COLLECTED	133,494.10	

RECONCILIATION:

AMOUNT OF INCOME IN YEAR 1	133,494.10
TAX ON INCOME	51,726.16
AFTER TAX AMOUNT	81,767.94
PV OF FUTURE TAX BENEFITS	18,232.06
	100,000.00

CASH INFLOW - TIME VALUE ANALYSIS

YEAR		CONTRIBUTION	TAX RATE	DEPRECIATION RATE	FUTURE CASH FLOW
1		100,000.00	38.7479%	5.0000%	1,937.40
2		100,000.00	38.7479%	9.5000%	3,681.05
3		100,000.00	38.7479%	8.5500%	3,312.95
4		100,000.00	38.7479%	7.6950%	2,981.65
5		100,000.00	38.7479%	6.9260%	2,683.68
6		100,000.00	38.7479%	6.2330%	2,415.16
7		100,000.00	38.7479%	5.9050%	2,288.06
8		100,000.00	38.7479%	5.9050%	2,288.06
9		100,000.00	38.7479%	5.9050%	2,288.06
10		100,000.00	38.7479%	5.9050%	2,288.06
11		100,000.00	38.7479%	5.9050%	2,288.06
12		100,000.00	38.7479%	5.9050%	2,288.06
13		100,000.00	38.7479%	5.9050%	2,288.06
14	120672.585	100,000.00	38.7479%	5.9050%	2,288.06
15		100,000.00	38.7479%	5.9050%	2,288.06
16		100,000.00	38.7479%	2.9510%	1,143.43
					38,747.86

NiSource Inc. and Subsidiaries
Accounting for Conributions In Aid of Construction and Reimbursements
Per Policy Dated March 31, 2010

Company	Life of Property	Gross Up Percent on Contributions: Contruction Work-In-Progress Classification	Gross Up Percent on Contributions: Retirement Work-in-Progress Classification	Composite Tax Rate as Basis of Gross Up Percent	Equity Rate of return Included in Calculation
Columbia Gas of Kentucky	N/A	N/A	N/A	N/A	N/A
Columbia Gas of Maryland	N/A	N/A	N/A	N/A	N/A
Columbia Gas of Ohio	N/A	N/A	N/A	N/A	N/A
Columbia Gas of Pennsylvania	N/A	N/A	N/A	N/A	N/A
Columbia Gas of Virginia	15 Years	24.5500%	N/A	38.9000%	8.381%
Columbia Gas Transmission Corporation	15 Years	33.4900%	N/A	38.7548%	11.78%
Columbia Gulf Transmission Company	15 Years	32.0700%	N/A	38.4073%	11.17%
Crossroads Gas Pipeline	15 Years	30.4800%	N/A	38.3605%	10.25%
Northern Indiana Public Service Company *	N/A	N/A	N/A	N/A	N/A
Northern Indiana Fuel and Light	N/A	N/A	N/A	N/A	N/A
Kokomo Gas	N/A	N/A	N/A	N/A	N/A
Bay State Gas Company	15 Years	20.0900%	N/A	39.2250%	11.40%

Reason for Gross Up:
Bay State Gas: Fitchburg Gas and Elec. Light Co., D.T.E. 02-24/25 (Nov. 2002)

ALL AMOUNTS ABOVE NEED TO BE ADJUSTED WHEN TAX DEPRECIABLE LIFE, TAX RATE OR RATE OF RETURN CHANGES.
In 2011, CGV and BSG property life will be 20 years.
Current rates shown for 2010 are without bonus depreciation. At the time of preparing this file it has not been made law yet.

* FERC regulated activities require a tax gross-up, while non-FERC activities do not.

NiSource™

Accounting Policy Guide

Issue date: 03/31/10
Prepared by: Paul Newman
Approved by: Paul Newman & BU Controllers
Reference No.
Subject: Classification of Income Taxes on the Balance Sheet

I. INTRODUCTION

This policy provides guidelines for the classification of Income Taxes on the Balance Sheet.

II. SCOPE

This policy applies to NiSource Inc., NiSource business units and all NiSource subsidiaries that issue financial statements.

III. GAAP GUIDANCE

ASC 210-10 provides general guidance on the classification of accounts on the balance sheet.

ASC 740-10-45-3 through ASC 740-10-45-12 address classification matters applicable to income tax accounts and is incremental to the general guidelines as follows:

- Topic 740-10-45-3 "Statement of Financial Position Classification of Income Tax Accounts"
- Topics 740-10-45-4 through 6 "Deferred Tax Accounts"
- Topics 740-10-45-7 through 8 "Deferred Tax Accounts Related to an Asset or Liability"
- Topics 740-10-45-9 through 10 "Deferred Tax Accounts Not Related to an Asset or Liability"
- Topics 740-10-45-11 through 12 "Unrecognized Tax Benefits"

IV. NISOURCE APPLICATION

NiSource's accrued income tax liabilities and refunds are recorded on the balance sheet with respect to each taxing jurisdiction in accordance with the following guidelines:

- Offsetting tax liabilities and refunds between separate taxing jurisdictions are not to be netted.
- Taxes payable for the current year are recorded to Taxes Accrued in the Current Liabilities section of the balance sheet. If the tax accrual results in an income tax receivable, or if year-to-date tax payments exceed the accrued liability, such amounts are reclassified as an income tax receivable (or prepayment, as the case may be), if material.
- Accrued, but unpaid, liabilities relating to prior tax periods are reflected as current liabilities until paid, because the taxing jurisdiction can demand payment at any time.
- To the extent an income tax receivable is expected to be realized more than 12 months from the balance sheet date, it is classified as a noncurrent income tax receivable.
- Deferred income taxes are provided on all temporary differences as of the balance sheet date.
- Deferred income taxes are classified as current assets, noncurrent assets, current liabilities or noncurrent liabilities in accordance with the classification of the underlying asset or liability account to which they relate.
- Deferred tax assets or liabilities that do not relate to a specific asset or liability, such as a net operating loss deferred tax asset, is classified as current or noncurrent depending on whether the deferred tax asset or liability is expected to be realized within 12 months.
- Current deferred tax assets and current deferred tax liabilities are netted and recorded net as either a current deferred tax asset or current deferred tax liability as appropriate.
- Noncurrent deferred tax assets and noncurrent deferred tax liabilities are netted and recorded net as either a noncurrent deferred tax asset or a noncurrent deferred tax liability as appropriate.
- Deferred Tax Assets (net operating loss carryforward deferred tax assets, in particular) are tested to determine if the amounts are realizable as of each balance sheet date. A valuation allowance against the deferred tax asset is recorded if appropriate.

- Tax reserves for prior year income taxes are recorded for known adjustments ("agreed" adjustments). These adjustments are typically presented to the Internal Revenue Service (IRS) and various state income tax examiners upon audit and settled when such audit is closed. These liabilities are recorded as a current income tax liability because payment can be demanded at any time. To the extent the net of such adjustments for any given taxing jurisdiction results in an income tax receivable, consideration is given to reclassifying such amounts to the asset side of the balance sheet, if material, and to current or noncurrent depending on whether such receivable is expected to be received within 12 months.
- Liabilities for Uncertain Tax Positions are recorded in accordance with the Policy No. xxx - Uncertain Tax Positions. Such liabilities are recorded separate from Taxes Accrued and classified as current or noncurrent depending upon whether such liability is expected to be paid within 12 months of the balance sheet date.

V. REGULATORY CONSIDERATIONS (FAS 71 IMPACT)

To the extent there is a deficiency in the collection of deferred income taxes in rates due to the regulatory construct of a particular regulatory jurisdiction, a Regulatory Asset, with tax gross-up, is recorded in accordance with Policy No. xxx – Flow-thru Taxes, to the extent it is probable that future revenue will be provided to permit recovery of the Regulatory Asset. If there is an over-collection of deferred income taxes in rates, a Regulatory Liability, with tax gross-up, is recorded.

VI. AUTHORITY AND RESPONSIBILITY

Proper classification of income taxes on the balance sheet is the responsibility of the Tax Department and the Vice President – Tax. Ultimate authority for classification of income taxes on the balance sheet rests with the Vice President and Chief Accounting Officer.

VII. APPENDICES

None.

NiSource™

Accounting Policy

Issue date:
Prepared by: Umair A. Quraishi
Approved by:
Reference No.
Subject: Accounting for Reportable Segments

I. INTRODUCTION

This policy provides guidelines in determining the classification of a reportable segment, per *ASC 280 – Segment Reporting.*

II. SCOPE

ASC 280 – Segment Reporting provides guidance in determining an operating segment and the related disclosures for materially significant operating segments.

III. GAAP GUIDANCE

Operating Segments (ASC 280-10-50-1)

An operating segment is a component of a public entity that has all of the following characteristics:

- It engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same public entity).
- Its operating results are regularly reviewed by the public entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.
- Its discrete financial information is available.

In addition, an operating segment is reportable per the following guidance:

Reportable Segments (ASC 280-10-50-10)

A public entity shall report separately information about each operating segment that meets both of the following criteria:

- Has been identified in accordance with paragraphs 280-10-50-1 and 280-10-50-3 through 50-9 or results from aggregating two or more of those segments in accordance with the following paragraph (280-10-50-13 through 50-18):
    - Refer to **Appendix A** for the criteria under 280-10-50-3 through 50-9.
- Exceeds the quantitative thresholds in paragraph 280-10-50-12.

Quantitative Thresholds (ASC 280-10-50-12)

A public entity shall report separately information about an operating segment that meets any of the following quantitative thresholds:

- *Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all operating segments.*

- *The absolute amount of its reported profit or loss is 10 percent or more of the greater, in absolute amount, of either:*

  - *The combined reported profit of all operating segments that did not report a loss*

  - *The combined reported loss of all operating segments that did report a loss.*

- *Its assets are 10 percent or more of the combined assets of all operating segments.*

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to readers of the financial statements.

IV. REGULATORY CONSIDERATIONS

None noted.

V. NISOURCE APPLICATION

Based on a qualitative and quantitative analysis, as provided by ASC 280, management determines the appropriate reportable operating segments. Per the qualitative assessment, NiSource determines whether (1) the key decision makers and (2) the key internal financial reports to facilitate decision making are segregated and aggregated for a reporting unit. NiSource uses the guidance provided in **Appendix A** to determine that all qualitative requirements are met before disclosing a reportable segment.

In terms of the quantitative analysis, NiSource will utilize the "10% rule" in determining whether a segment should be disclosed. Specifically, if the revenue, profit or loss, or assets are greater than 10% of the total NiSource financial statements, in addition to meeting the qualitative considerations as mentioned in ASC 280-10-50-1 and 280-10-50-3 through ASC 280-10-50-9, NiSource will separately disclose the operating segment in its consolidated financial statements.

VI. AUTHORITY AND RESPONSIBILITY

The reporting units should not change from period to period. Whether reportable operating segments should continue to be separately reported or not is initially determined by the chief operating decision makers (CODM). It is the function of the accounting research group to determine whether the removal of an operating segment from NiSource's consolidated financial statements is appropriate and consistent with the rules in ASC 280. If new reportable segments are identified, the accounting research group determines the appropriate disclosures to include.

The CAO approves the disclosures and analysis for any changes to reportable operating segments.

NiSource

Accounting Policy

Issue date:

Prepared by: Umair A. Quraishi

Approved by:

Reference No.

Subject: Accounting for Reportable Segments

VII. APPENDICES

Appendix A – Qualitative Thresholds in Determining a Reportable Segment

- *50-3 – "An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues."*

- *50-4 – "Not every part of a public entity is necessarily an operating segment or part of an operating segment. For example, a corporate headquarters or certain functional departments may not earn revenues or may earn revenues that are only incidental to the activities of the public entity and would not be operating segments. For purposes of this Subtopic, a public entity's pension and other postretirement benefit plans are not considered operating segments."*

- *50-5 – "The term chief operating decision maker identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the segments of a public entity. Often the chief operating decision maker of a public entity is its chief executive officer or chief operating officer, but it may be a group consisting of, for example, the public entity's president, executive vice presidents, and others."*

- *50-6 – "For many public entities, the three characteristics of operating segments described in paragraph 280-10-50-1 clearly identify a single set of operating segments. However, a public entity may produce reports in which its business activities are presented in a variety of different ways. If the chief operating decision maker uses more than one set of segment information, other factors may identify a single set of components as constituting a public entity's operating segments, including the nature of the business activities of each component, the existence of managers responsible for them, and information presented to the board of directors."*

- *50-7 – "Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for the segment. The term segment manager identifies a function, not necessarily a manager with a specific title."*

- *50-8 – "The chief operating decision maker also may be the segment manager for certain operating segments. A single manager may be the segment manager for more than one operating segment. If the characteristics in paragraphs 280-10-50-1 and 280-10-50-3 apply to more than one set of components of a public entity but there is only one set for which segment managers are held responsible, that set of components constitutes the operating segments."*

- *50-9 – "The characteristics in paragraphs 280-10-50-1 and 280-10-50-3 may apply to two or more overlapping sets of components for which managers are held responsible. That structure is sometimes referred to as a matrix form of organization. For example, in some public entities, certain managers are responsible for different product and service lines worldwide, while other managers are responsible for specific geographic areas. The chief operating decision maker regularly reviews the operating results of both sets of components, and financial information is available for both. In that situation, the components based on products and services would constitute the operating segments."*

Below are the criteria under 280-10-50-13 through 280-10-50-18 where specifics on certain other situations in which separate information about an operating segment is reported:

- *50-13 – "An entity may combine information about operating segments that do not meet the quantitative thresholds with information about other operating segments that do not meet the* *quantitative thresholds to produce a reportable segment only if aggregation is consistent with the objective and basic principles of this Topic, the segments have similar economic characteristics, and the operating segments share a majority of the aggregation criteria listed in paragraph 280-10-50-11."*

280-10-50-11 states that two or more operating segments may be aggregated into a single operating segment if:

- *The nature of the products and services are similar*
- *The nature of the production processes are similar*
- *The type or class of customer for their products and services are similar*
- *The methods used to distribute their products or provide services are similar*
- *The nature of the regulatory environment is similar.*

- *50-14 – "If total of external revenue reported by operating segments constitutes less than 75 percent of total consolidated revenue, additional operating segments shall be identified as reportable segments (even if they do not meet the criteria in paragraph 280-10-50-12) until at least 75 percent of total consolidated revenue is included in reportable segments."*

- *50-15 – "Information about other business activities and operating segments that are not reportable shall be combined and disclosed in an all other category separate from other reconciling items in the reconciliations required by paragraphs 280-10-50-30 through 50-31. The sources of the revenue included in the all other category shall be described."*

- *50-16 – "If management judges an operating segment identified as a reportable segment in the immediately preceding period to be of continuing significance, information about that segment shall continue to be reported separately in the current period even if it no longer meets the criteria for reportability in paragraph 280-10-50-12."*

- *50-17 – "If an operating segment is identified as a reportable segment in the current period due to the quantitative thresholds, prior-period segment data presented for comparative purposes shall be restated to reflect the newly reportable segment as a separate segment even if that segment did not satisfy the criteria for reportability in paragraph 280-10-50-12 in the prior period unless it is impracticable to do so. For purposes of this Subtopic, information is impracticable to present if the necessary information is not available and the cost to develop it would be excessive."*

- *50-18 – "There may be a practical limit to the number of reportable segments that a public entity separately discloses beyond which segment information may become overly detailed. Although no precise limit has been determined, as the number of segments that are reportable in accordance with paragraphs 280-10-50-12 through 50-17 increases above 10, the public entity should consider whether a practical limit has been reached."*

NiSource™

Accounting Policy

Issue date: 10/08/10
Prepared by: Phil Vaughn
Approved by: Segment Controllers
Reference No.:
Subject: NiSource Corporate Services Company Allocation Methodology

I. INTRODUCTION

This policy establishes guidelines as to how NiSource Corporate Services Company (NCSC) costs are to be allocated to the other NiSource affiliated companies.

II. SCOPE

This policy relates only to costs allocated by NCSC.

III. GAAP GUIDANCE

There is no specific GAAP guidance related to allocation of a regulated centralized service company's costs to its affiliated companies.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

There is no ASC 980 impact related to allocation of centralized service company costs.

In the event that NCSC needs to add a new allocation basis, NCSC would be required to file for approval in many of its state jurisdictions that the new allocation basis would affect. In the even that the new allocation basis would affect one of the interstate natural gas transmission companies, NCSC would be required to file for approval with the FERC.

V. NISOURCE APPLICATION

NiSource Corporate Services has legally binding service agreements in place with all of the affiliates that it provides service to, detailing the various methods of allocation that it uses to allocate costs. In addition, a comprehensive allocation policy manual is on file with the NCSC accounting department.

VI. AUTHORITY AND RESPONSIBILITY

The allocation methodology of NCSC costs are the responsibility of the Controller of NCSC.

VII. APPENDICES

Appendix A contains the Methods of Billing section from the NiSource Corporate Services Cost Allocation Manual. Please contact the NCSC Accounting Department for the full version of the Cost Allocation Manual.

III. Methods of Billing

The job order system utilizes a 10-digit job order number which is used to calculate and bill charges to its NiSource affiliates (known as "contract billing"). A job order can be used to track specific project costs and/or departmental labor. A job order is made up of the following components:

JOB (4 digits) - SUB (4 digits) - CO (2 digits)

The general guidelines for a job order are (does not apply to project-specific job orders): 1) the "JOB" number normally signifies the department number, 2) the "SUB" number usually drives the description of the job order that will be printed on the contract bills sent to the affiliates on a monthly basis, or it signifies the FERC account that the expense is being charged to, and 3) the "CO" number is the last two digits of the job order and represents the affiliate or group of affiliates benefitting from the services. The "CO" number drives the billing of amounts to the affiliates.

Costs are directly charged to a particular affiliate(s) whenever possible. Some job orders may involve more than one affiliate, and in that case, if it cannot be direct billed by affiliate, then it will be allocated among the participating affiliates using one of the allocation bases detailed below in Section IV. Only one allocation basis can be assigned per job order.

NOTE: Departmental job order guidelines have been provided to affiliates through training and are included Section VIII of the allocation manual.

There are two types of NCSC billings made to affiliates: (1) contract billing; and (2) convenience billing.

(1) In accordance with Section 2.3 of the Service Agreement, NCSC renders a monthly report, called a Contract Bill, to its affiliates that reflects all information necessary to identify the costs charged and services rendered for that month. In accordance with the Agreement, the affiliates have the right to review and challenge any particular item for which they are billed. Any issues raised are sent to the NCSC Accounting Department for immediate review and resolution. The Service Agreement is updated from time to time so that all affiliates that receive service from NCSC are subject to the same Service Agreement.

Contract billings are identified by job order (as described above) and represent NCSC labor and expenses billed to the respective affiliates. Contract billed charges may be direct-billed (billed directly to a single affiliate or function) or allocated (split between or among several affiliates), depending upon the nature of the expense.

(2) Convenience billing reflects payments that are routinely made on behalf of affiliates on an ongoing basis, including employee benefits, corporate insurance, leasing, and external audit fees. Each affiliate is billed on a monthly basis for its proportional share of the payments made in that respective month. As the name implies, convenience billing is intended as a convenience to vendors because it eliminates the need for a separate invoice to be generated for each affiliate entity receiving the same services. Therefore, NCSC makes the payment to the vendor and the charges for the services are recorded directly on the books of the affiliate and not by NCSC.

IV. Allocation Bases

NCSC allocates costs for a particular job order in accordance with the following bases of allocation that have been previously approved by the SEC and filed annually with the FERC. NCSC currently updates the statistical data used in the approved allocation bases on a semi-annual basis. Allocation codes are various sub-groupings of companies under the allocation bases, and are shown in the Allocation Bases Matrix in Section V.

BASIS 1

GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates.

BASIS 2

GROSS FIXED ASSETS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates.

BASIS 7

GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE

- Fifty percent of the total job order charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates.

BASIS 8

GROSS DEPRECIABLE PROPERTY

- Job order charges will be allocated to each benefited affiliate on the basis of the relationship of its total depreciable property to the sum of the total depreciable property of all benefited affiliates.

BASIS 9

AUTOMOBILE UNITS

- Job order charges will be allocated to each benefited affiliate on the basis of its number of automobile units to the total number of all automobile units of the benefited affiliates.

BASIS 10

NUMBER OF RETAIL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of its number of retail customers to the total number of all retail customers of the benefited affiliates.

BASIS 11

NUMBER OF REGULAR EMPLOYEES

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates.

BASIS 13

FIXED ALLOCATION

- Job order charges will be allocated to each benefitted affiliate on the basis of fixed percentages on an individual project basis.

BASIS 14

NUMBER OF TRANSPORTATION CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates.

BASIS 15

NUMBER OF COMMERCIAL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates.

BASIS 16

NUMBER OF RESIDENTIAL CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates.

BASIS 17

NUMBER OF HIGH PRESSURE CUSTOMERS

- Job order charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates.

BASIS 20

DIRECT COSTS

- Job order charges will be allocated to each benefitted affiliate on the basis of the relation of its direct costs billed by Service Corporation to the total of all direct costs billed by Service Corporation.

NiSource

Accounting Policy

Issue date:
Prepared by: Shawn Patterson
Approved by:
Reference No.
Subject: Software Capitalization

I. INTRODUCTION

This policy provides guidelines on the accounting treatment for software capitalization including what costs are capitalized or expensed, the method of amortization for deferred costs, and how impairment should be recognized and measured.

II. SCOPE

This policy applies to all of NiSource's business units.

III. GAAP GUIDANCE

Authoritative Literature: ASC 350-40 – Intangibles – Goodwill and Other; Internal-Use Software

ASC 350-40 provides guidance on accounting for the costs of computer software developed or obtained for internal use.

For purpose of ASC 350-40 and this policy, internal-use software is software having both of the following characteristics:

a. The software is acquired, internally developed, or modified solely to meet the entity's internal needs.
b. During the software's development or modification, no substantive plan exists or is being developed to market the software externally.

An entity must meet both characteristics above for software to be considered for internal use.

ASC 350-40 clarifies that the costs of computer software that is "sold, leased, or otherwise marketed as a separate product or as part of a product or process" are within the scope of ASC 985-20 and not covered by ASC 350-40.

ASC 350-40-25 breaks out the various stages and related processes of computer software development into three major categories. Regardless of timing, costs should be accounted for based on the nature of the costs and not the timing of their occurrence.

Preliminary Project Stage	Application Development Stage	Post-Implementation / Operation Stage
Conceptual formulation of alternatives	Design of chosen path, including software configuration and software interfaces	Training
Evaluation of alternatives	Coding	Application maintenance
Determination of existence of needed technology	Installation of hardware	
Final selection of alternatives	Testing, including parallel processing phase	
	Costs to develop or obtain software that allows for access or conversion of old data by new systems	
	Payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use software project	
	Travel expenses incurred by employees in their duties directly associated with developing software	
	Interest cost incurred when developing the software (in accordance with the provisions of ASC 835-20)	

Accounting for preliminary project stage costs:
Internal and external costs incurred during the preliminary project stage should be **expensed** as incurred.

Accounting for application development stage costs:
Internal and external costs incurred to develop internal-use computer software during the application development stage should be **capitalized.**

Capitalized costs of computer software developed or obtained for internal use should be amortized on a straight-line basis unless another systematic and rational basis is more representative of the software's use. **ASC 350-40-35-5** states that in determining and periodically reassessing the estimated useful life over which the costs incurred for software will be amortized, consideration should be given to the effects of obsolescence, technology, competition, and other economic factors.

Amortization should begin when computer software is ready for its intended use, regardless of whether the software will be placed in service in planned stages that may extend beyond a reporting period. If the functionality of a module is entirely dependent on the completion of other modules, amortization of that module should begin when both that module and the other modules upon which it is functionally dependent are ready for their intended use.

Accounting for post-implementation/operation stage costs:
Internal and external training and maintenance costs should be **expensed** as incurred.

Timing of capitalization
ASC 350-40-25-12 states that capitalization of costs, when appropriate, should begin when **both** of the following occur:

a. Preliminary project stage is completed.
b. Management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project and it is probable that the project will be completed and the software will be used to perform the function intended. Examples of authorization include the execution of a contract with a third party to develop the software, approval of expenditures related to internal development, or a commitment to obtain the software from a third party.

Capitalization should cease no later than the point at which a computer software project is substantially complete and ready for its intended use. **ASC 350-40-30-3** states that general and administrative costs and overhead costs should not be capitalized as costs of internal-use software.

When it is no longer probable that the computer software project will be completed and placed in service, no further costs should be capitalized. At the time of this determination, impairment should be applied to existing balances. Impairment should be recognized and measured in accordance with the provisions of **ASC 360-10-35. ASC 360-10-35** guidance is applicable, for example, when one of the following occurs related to computer software being developed or computer software currently in use:

a. Internal-use computer software is not expected to provide substantive service potential,
b. A significant change occurs in the extent or manner iu which the software is used or is expected to be used,
c. A significant change is made or will be made to the software program,
d. Costs of developing or modifyiug internal-use computer software significantly exceed the amount originally expected to develop or modify the software.

IV. REGULATORY CONSIDERATIONS

Not applicable.

V. NISOURCE APPLICATION

In accordance with the GAAP guidance referenced above:

a. Computer software costs incurred in the preliminary project stage should be expensed as incurred,
b. Once capitalization criteria have been met, internal and external costs should be capitalized and amortized over a **five year** period,
c. At the point when the computer software project is substantially complete and all significant testing is completed, capitalization should cease,
d. When necessary, impairment should be recognized and measured in accordance with ASC 360-10

Materiality: A majority of the IT projects that include software which occur at NiSource are billed through Corporate Services and then convenience billed to the individual business units. For these projects, Corporate Services will determine if the overall project is above the capitalization thresholds and will need to be capitalized. If this occurs, Corporate Services will communicate this to the business units on the convenience bill and these amounts will need to be capitalized at the business unit level regardless of the amount.

For those projects that are billed directly from the vendor to the business units and are not part of a larger project, materiality thresholds are as follows:

<u>NiSource Gas Distribution (NGD):</u>
Columbia Gas of Kentucky = $75,000
Columbia Gas of Ohio = $250,000
Columbia Gas of Maryland = $25,000
Columbia Gas of Pennsylvania = $100,000
Columbia Gas of Virginia = $75,000
Columbia Gas of Maryland = $30,000

<u>NiSource Gas Transmission and Storage (NGT&S):</u>
Columbia Gas Transmission (TCO) = $100,000
Columbia Gulf Transmission (CGT) = $50,000

Northern Indiana Energy (NIE) = $100,000

NiSource Corporate Services: NCSC determines thresholds based on capital projects using a threshold of $100,000. Multiple-year projects (greater than three years) use a threshold of $250,000.

VI. AUTHORITY AND RESPONSIBILITY

The Accounting group is responsible for determining nature of the computer software cost and recording the costs appropriately as discussed herein.

VII. APPENDICES

- *Accounting for IT Project Costs Capital vs. Exp Chart*
- *DT Q&A 350-40-25 (Q&A 17) ERP Implementation*

IT Projects
Capital vs. Expense Accounting Classification

Accounting Classification (Capital vs. Expense) by Activity by Phase of Project

Activity	Phase of the Project		
	Preliminary Project Stage (1)	Application Development Stage (1)	Post Implementation / Operation Stage (1)
Project Management **Administrative activities:** - project organization & communicating - risk management & quality assurance - planning & staffing - monitoring project - budgeting, comparing budgets to actuals	Expense	Expense	Expense
Direct design activities: - direct review/supervision of coding - resolving computer, software/hardware design issues - direct monitoring of the software testing	N/A	Capital	Expense *
Reengineering & Enterprise Resource Planning Systems - reengineering business processes	Expense	Expense	Expense
- prototyping software system - building a model of the software's hierarchy elements (i.e. reporting, sizing of master data files, complexity of data entry) - building or contributing to the design of components of the software system (i.e. participating in design session workshops and providing design input)	N/A	Capital	Expense *
Technical Infrastructure - assessment of technology infrastructure - developing & delivering a technology support strategy	Expense	Expense	Expense
- acquiring computer hardware - design of technology infrastructure - cost of preparing technology support manual - custom development activities (software configuration & software interfaces) - designing & executing a cutover plan (plan allowing the new system to become the live system)	N/A	Capital	Expense *
Process/System Integrity - determining individual security authorizations - developing controls or assessing risks associated with new business processes	Expense	Expense	Expense
- designing security and systems integrity checks into software code - testing	N/A	Capital	Expense *
Data Conversion - process of data conversion & cleansing of data - reconciliation or balancing of old data and the data in the new system - creation of new/additional data - conversion of old data to the new system	Expense	Expense	Expense
- costs to develop or obtain software that allows for access or conversion of old data by new systems	N/A	Capital	Expense *
Change Leadership (Organizational Change Management) - defining organization structures, job content & incentive structures - means of transitioning from the company's current state - the means of transferring knowledge from the project team to the organization	Expense	Expense	Expense
Training and Documentation - related to the ongoing support of the system and processes - maintenance of the system - training delivery	Expense	Expense	Expense
- designing computer-based training or other internal use training software - cost of preparing user manuals - documentation of coding or design of the software	N/A	Capital	Expense *

* If involved in modifications that add functionality, then it would be capital.

(1) Please refer to the Corporate Software Capitalization Accounting Policy for further guidance on the definition of the project phases as well as thresholds.

Note: Payroll and payroll-related costs (including spot awards) associated with IT projects should be allocated between expense and capital by person based how their time was recorded during the project.

Note: Interest costs incurred while developing internal-use computer software can be capitalized.

Application: This chart is activity driven and not phase or role driven. When deciding whether to capitalize or expense your time on a project, the intent is to focus on the actual activity that is being performed. If you have any questions about what activity you are performing on a project then please ask your Project Manager.

350-40-25 (Q&A 17) — Enterprise Resource Planning (ERP) Implementations

[Pre-Codification Reference — SOP 98-1: 33-5]
[Added August 8, 2003]
[Codified July 1, 2009]

Question

What activities are performed during an ERP implementation and how should an entity account for the costs related to these activities?

Answer

While an ERP system may be broken down into the phases or benchmarks, for the purposes of billing or monitoring the project's progress, there are certain activities that are consistently performed throughout the implementation effort. Information technology consultants refer to these activities as the "threads" of the implementation effort.

The threads of the implementation effort include:

- Project Management.
- Reengineering and ERP systems.
- Technical Infrastructure.
- Process/System Integrity.
- Change Leadership.
- Training and Documentation.

Project management typically involves the project organization, risk management, planning, monitoring, budgeting, communicating, staffing, and quality assurance. The majority of project management activities are overhead costs and should be expensed as incurred. However, management activities, such as the direct review of coding, resolving computer design issues, and direct monitoring of the software testing are consistent with the characteristics of the application development stage and should be capitalized.

The reengineering and ERP systems thread incorporates the integration of the software implementation with the targeted reengineering of selected areas. Many of the activities performed in this thread relate to reengineering and should be expensed as incurred. However, the following activities are consistent with the application development stage and therefore, should be capitalized: prototyping of the software system, which provides a starting point for the computer design; building a model of the software's hierarchy elements (e.g., how reporting is accomplished, the size of master data files, the complexity of data entry); and building the components of the software system.

Technical infrastructure typically involves hardware and software: selection, procurement, and installation of the hardware and software, as well as the design, development and installation of additional custom development (e.g., interfaces to old systems, enhancements to the ERP software, conversion programs, and custom reports or forms). Activities in this thread, such as assessment of technology infrastructure, developing a technology support strategy, and the cleansing of data, should be expensed as incurred. Computer hardware acquisitions should be capitalized as property, plant, and equipment. The additional custom development activities are consistent with the application development stage and should be capitalized. The design of a cutover plan, a transition plan that allows the new system to become the live system, would be consistent with the concept of design of the chosen path, and therefore, should be capitalized. Costs of other activities should be capitalized only if they meet the criteria of the application development stage.

Process/system integrity typically involves security and audit control. The costs of these activities should be capitalized to the extent that the activities involve designing security and systems integrity checks into the software code. Activities, such as determining individual security authorizations, designing controls or assessing risks associated with new business processes, should be expensed as incurred.

Change leadership addresses the people and organizational issues associated with implementing an ERP system. Activities within this thread typically involve definition of organization structures, job content, incentive structures, means of transitioning from the company's current state, and the means of transferring knowledge from the project team to the organization (e.g., newsletters). The change leadership thread is typically reengineering, and therefore, costs associated with this thread should be expensed as incurred.

Training and documentation typically involve design and delivery of training for the project team, managers, end users, operators, and help desk, as well as documentation for project end users and operators. Training and documentation relate to the ongoing support of the system and processes and should be expensed as incurred. Design of computer-based training would be considered internal-use software, and therefore, should be capitalized if the criteria of the application development stage are met. Any documentation that relates to the coding or design of the software should be capitalized. The cost of preparing user manuals also should be capitalized.

Each ERP system is unique and includes varying amounts of business process reengineering (BPR) activities. Therefore, to account for the ERP implementation appropriately, every implementation should be broken down into the actual activities performed. The following matrix is intended as a broad guideline for classification of activities in an ERP implementation.

	Scoping & Planning	Visioning & Targeting	Redesign	Configuration	Testir Deliv
Project Management	R	A	A	A	A
Reengineering & ERP Systems	R	A	A	A	A
Technical Infrastructure	R	A	A	A	A
Process/Systems Integrity	R	A	A	A	A
Change Leadership	R	R	R	R	R
Training & Documentation	R	A	A	A	A

R = Reengineering, planning, and ongoing support (expense).

A = Allocate — includes some items of software development and BPR.

The items requiring allocation between the activities that relate to software development and other activities likely will involve significant judgment. For example, consultants will often utilize an implementation methodology such as the one described above to assist in the design of the business processes. Therefore, the consultants are simultaneously reengineering the business and designing the software.

In other ERP implementations, the entity purchases preconfigured software. Under a preconfigured system, the system integrator has already made certain choices regarding business processes, software configuration, and interfaces. Therefore, the purchaser must compare its current business processes to the processes that will be used under the new system in order to see what changes are needed. The purchaser will then need to redesign its current processes so they will work effectively with the new software system.

Under this type of software agreement, the cost of purchasing preconfigured software should be capitalized. The cost of any additional coding, configuration, interfaces, or testing also should be capitalized. However, the purchaser's cost to compare its current processes to the processes that relate to the new software is not a capitalizable cost. Likewise, the cost of changing the business processes should be expensed as incurred.

Primary Reference: 350-40-25-1 Secondary Reference: 350-40-30-4

NiSource™

Accounting Policy

Issue date:
Prepared by: Umair A. Quraishi
Approved by:
Reference No.
Subject: Accounting for Variable Interest Entities

I. INTRODUCTION

This policy provides guidelines in determining the accounting treatment for variable interest entities (VIE), per *ASC 810 – Consolidation.*

II. SCOPE

ASC 810 – Consolidations provides guidance on determining whether an enterprise should consolidate or deconsolidate certain entities using a qualitative as opposed to a quantitative approach. As such, business units, investments, contracts, and agreements should all be evaluated using the updated guidance on VIEs found in ASC 810.

III. GAAP GUIDANCE

Per the guidance found in ASC 810, the following characteristics are indicators of **variable interests** (not variable interest entities):

- At-risk equity investments
- Investments in subordinated debt instruments
- Investments in subordinated beneficial interests
- Guarantees of the value of an entities assets or liabilities
- Written put options on the assets of an entity or similar obligation that protects senior interests from suffering losses
- Forward contracts to sell assets owned by the entity at a fixed price
- Stand-alone or embedded derivative instruments including total return swaps and similar arrangements
- Contracts or agreements for fees to be paid to a decision maker (generally deemed to absorb variability unless certain criteria are met to be considered an "employee" or "hired service provider" relationship).
- Other service contracts with non-decision makers
- Operating leases that include residual value guarantees and/or lessee option to purchase the leased property at a specified price.
- Interests retained be a transferor of financial assets to a VIE

If a variable interest is deemed to exist, further review is needed to determine if the entity is a VIE. In general, a **VIE** is an entity (1) which has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of an entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company, if that company is determined to be the primary beneficiary of the VIE. Various disclosures are required about material variable interest entities that a company is not required to consolidate but in which it has a significant variable interest.

When it is determined that an entity or arrangement is a VIE, further review is performed to determine if the enterprise (i.e. NiSource) is the primary beneficiary of the entity or arrangement. A **primary beneficiary** is an enterprise that has (1) the power to direct activities of a VIE that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. A VIE should have only one primary beneficiary. Further, a VIE may not have a primary beneficiary if no party meets the criteria described above. The determination of a primary beneficiary is thus based on qualitative factors. If, after examination of the contracts and assessment of the nature of the entity or arrangement, it is determined that the enterprise is the primary beneficiary, the enterprise would consolidate the entity in its own financial results. Conversely, if the enterprise is determined not to be the primary beneficiary, it would not consolidate. The enterprise would be required to deconsolidate if in prior periods it was determined that NiSource was the primary beneficiary but changes in circumstances in the current period indicated that NiSource was no longer the primary beneficiary.

IV. REGULATORY CONSIDERATIONS

None noted.

V. NISOURCE APPLICATION

NiSource uses a four step approach in determining whether an entity is consolidated or deconsolidated from the Company's financial statements. Each quarter, NiSource evaluates whether:

1. A scope exception exists for the entity, arrangement, or contract
2. If the entity, arrangement, or contract is a variable interest,
3. If the entity, arrangement, or contract is a variable interest entity, and
4. If NiSource is the primary beneficiary.

Per ASC 810, a scope exception can arise if the entity is:

1. A not-for-profit organization,
2. An employee benefit plan,
3. A life insurance entity,
4. A governmental organization, or
5. A business as defined by the *Business Combinations* topic so long as NiSource does not provide significant financial support and was not a party in the design of the entity.

When evaluating entities for VIE characteristics, NiSource uses the above criteria to determine if an entity meets the scope exception. It should also be noted that for an entity created before December 31, 2003 for which NiSource cannot obtain documentation to support whether the entity is a VIE, NiSource is permitted to remove the entity from the scope of VIE accounting per ASC 810 so long as the reasoning is documented thoroughly, In addition, such scope exceptions need to be disclosed in the notes to the consolidated financial statements.

After determining whether the entity meets the scope exception or not, NiSource determines if the entity is a variable interest. As defined by ASC 810, a variable interest is an implied pecuniary (financial) interest in an entity that changes with changes in the fair value of the entity's net assets exclusive of variable interests. Examples of a variable interest include:

- Equity investments (including partnership interests)
- Beneficial interests in securitized assets
- Debt instruments
- Operating leases, if they contain a residual value guarantee or purchase option
- Guarantees issued by the Enterprise

- Fees paid to a decision maker (see paragraphs B22 and B23 of FIN 46(R))
- Derivatives (e.g., written or purchased options, forward contracts, swaps, etc.)
- Administrative and servicing agreements

NiSource uses the above criteria to determine if the Company has a variable interest in an entity.

If it is determined that NiSource has a variable interest in an entity, the Company then needs to determine if the entity is a variable interest entity (VIE). A VIE, as defined by the ASC 810, has (1) an insufficient amount of at-risk equity to permit the entity to finance its activities without additional subordinated financial support provided by any parties, (2) at-risk equity owners, as a group, are not able to make decisions about the entity's activities through voting rights or similar rights, or (3) at-risk equity that does not absorb the entity's losses or receive the entity's residual returns. NiSource uses these criteria to determine whether an entity is a VIE.

If after examination of the facts (either through financial statements of an entity or through interviews with key accounting personnel) it is determined that an entity meets the definition of a VIE, the entity should be considered under the scope of VIE accounting per ASC 810. As such, NiSource is required to conclude whether the Company is the primary beneficiary of the VIE. If so, then NiSource would consolidate the entity as required by ASC 810. If it is concluded that NiSource is not the primary beneficiary a disclosure of the VIE is required under ASC 810 to explain the nature and extent of NiSource's relationship with the VIE.

To determine a VIE's primary beneficiary, an enterprise must perform a qualitative assessment to determine which party, if any, has the power and benefits. Therefore, an enterprise must identify which activities most significantly impact the VIE's economic performance and determine whether it, or another party, has the power to direct those activities. An entity can only have one primary beneficiary.

NiSource performs a quarterly assessment for VIEs and discloses all material VIEs in the notes to the consolidated financial statements. In addition, NiSource consolidates all VIEs for which NiSource is the primary beneficiary.

VI. AUTHORITY AND RESPONSIBILITY

The Accounting Research Group provides the guidance and checklist to the business units each reporting period to assess whether an entity meets the scope exception, whether it is a variable interest, whether it is a VIE or whether NiSource is the primary beneficiary of a VIE.
The business units, with the aid of the Accounting Research Group where needed, are responsible for the assessment of the entity and for adherence to VIE accounting guidance per ASC 810.

Consideration used in the determination of a VIE and primary beneficiary is documented each reporting period and ultimately approved by the business unit controllers and Chief Accounting Officer.

VII. APPENDICES

None.

NiSource™

Accounting Policy

Issue date:
Prepared by: Angela Camp
Approved by: CAO and Segment Controllers
Reference No.
Subject: SAB 99 (Accounting Materiality) Policy

I. INTRODUCTION

This policy provides guidelines for accessing materiality for misstatements (omissions and errors) within the financial statement under U.S. Generally Accepted Accounting Principles.

II. SCOPE

This policy applies to misstatements in the financial statements detected by management and NiSource's external auditors.

III. GAAP GUIDANCE

SEC Staff Accounting Bulletin No. 99 – Materiality (SAB 99)

SAB 99 indicates that a matter is "material" if there is a substantial likelihood that a reasonable person would consider it important. SAB 99 indicates that among other factors, the demonstrated volatility of the price of a registrant's securities in response to certain types of disclosures may provide guidance as to whether investors regard quantitatively small misstatements as material.

Both "quantitative" and "qualitative" factors should be considered in assessing an item's materiality. Among the considerations that may well render material a quantitatively small misstatement of a financial statement item are –

- whether the misstatement arises from an item capable of precise measurement or whether it arises from an estimate and, if so, the degree of imprecision inherent in the estimate
- whether the misstatement masks a change in earnings or other trends
- whether the misstatement hides a failure to meet analysts' consensus expectations for the enterprise
- whether the misstatement changes a loss into income or vice versa
- whether the misstatement concerns a segment or other portion of the registrant's business that has been identified as playing a significant role in the registrant's operations or profitability
- whether the misstatement affects the registrant's compliance with regulatory requirements
- whether the misstatement affects the registrant's compliance with loan covenants or other contractual requirements
- whether the misstatement has the effect of increasing management's compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation
- whether the misstatement involves concealment of an unlawful transaction.

This is not an exhaustive list of the circumstances that may affect the materiality of a quantitatively small misstatement.

Staff Accounting Bulletin No. 108

Under SAB 108, the staff believes registrants must quantify the impact of correcting all misstatements, including both the carryover and reversing effects of prior year misstatements, on the current year financial statements. The staff believes that this can be accomplished by quantifying an error under both the rollover and iron curtain approaches (defined below) and by evaluating the error measured under each approach. Thus, a registrant's financial statements would require adjustment when either approach results in quantifying a misstatement that is material, after considering all relevant quantitative and qualitative factors. Determinations are based on whether "it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item" (emphasis added).

Rollover Approach: quantifies a misstatement based on the amount of error originating in the current-year income statement. Therefore, this approach could allow balance sheet items to grow each year by immaterial amounts, until the cumulative error becomes material.

Iron Curtain Approach: focuses on correcting the misstatements existing in the balance sheet at the end of the current year, regardless of the year(s) in which the misstatement originated. This approach does not consider the income statement effects of the reversal of the carryover of a misstatement to be evaluated as an error. The iron curtain approach treats prior period misstatements as immaterial to the prior period financial statements, so correcting the misstatements must be "correct" and, therefore, not an error.

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

Not applicable.

V. NISOURCE APPLICATION

Misstatements are considered material if the omission or error could influence the economic decisions of the users taken on the basis of the financial information. Materiality depends on the amount and the nature of the item, both individually and in the aggregate, being judged in the particular circumstances of its misstatement.

Income misstatements greater than $1.0 million and balance sheet errors greater than $2 million detected by management or the external auditors are required to be analyzed by the Accounting Research Department to determine if the misstatement(s) are material to the financial statements in accordance with GAAP. Errors related to the omissions or misclassifications within the statement of cash flow and recurring errors should be communicated to management, based on the Authority and Responsibility section below, regardless of materiality.

The Accounting Research Department is required to document both quantitative and qualitative considerations in accordance with SAB 99 when concluding on whether or not the error is material to readers of the financial statements.

VI. AUTHORITY AND RESPONSIBILITY

- Business Unit Controllers are responsible for communicating misstatements to the Accounting Research Department copying the Chief Accounting Officer and Assistant Corporate Controller.
- The Accounting Research Department will perform a materiality analysis of the misstatement on the financial statements and will provide a whitepaper outlining the conclusions
- Business Unit Controllers are responsible for communicating misstatements to the SOX department and the external auditors once communicated to the Corporate Controller, Assistant Corporate Controller, and Accounting Research Department.

VII. APPENDICES

Not applicable.

NiSource™

Accounting Policy

Issue date: 9/30/10
Prepared by: Umair A. Quraishi
Approved by: Segment Controllers
Reference No.
Subject: Purchase Accounting (External Business Combinations)

I. INTRODUCTION

This policy provides guidelines in determining the accounting treatment for a business combination. Often, the acquiring company records goodwill due to an excess of the purchase price over the fair market value of the net identifiable assets.

II. SCOPE

If a purchase price premium can be identified to specific assets, the business unit to which the identifiable asset is associated will book the intangible asset and amortize if applicable.

III. GAAP GUIDANCE

The two main ASC topics that impact purchase accounting are:

1. Intangibles – Goodwill and other (under ASC 350)
2. Business Combinations (under ASC 805)

IV. REGULATORY CONSIDERATIONS (ASC 980 IMPACT)

When calculating the rate of return for rate making purposes, goodwill is not included in the capital structure.

V. NISOURCE APPLICATION

NiSource follows the accounting for business combinations in the event the Company acquires another entity. FASB defines a business combination as occurring when an entity acquires net assets that constitute a business or equity interest of one or more other entities and obtains control over the entity or entities. NiSource considers the following as business combinations, which are consistent with the FASB's interpretation:

- A transaction in which one or more entities are merged or become subsidiaries,
- A transaction in which one entity transfers net assets or its owners transfer their equity interests to another,
- A transaction in which all companies transfer their net assets or the owners of those companies transfer their equity interests to a newly formed entity,
- An exchange of a consolidated business for a consolidated business

Identifying the Acquirer:

In a business combination, in order for NiSource to apply the applicable accounting, the Company will need to be identified as the acquirer. In business combinations that involve consideration other than common stock, the company that pays cash, distributes assets, or incurs debt is generally the acquirer. However, determining the acquirer can he difficult in stock-for-stock transactions when the combining companies are of nearly equal value. In these circumstances judgment will be required. The business combinations topic in the codification requires that all pertinent facts and circumstances be considered.

The Purchase Method:

Acquisitions are accounted for using the purchase method of accounting. This method prescribes the date of the acquisition, cost of the acquisition and the allocation of the purchase price.

The date of acquisition is the date on which control over the net assets and operations are transferred to the acquirer. This is usually when the consideration is paid or the transaction is completed and control over the board of directors is achieved.

The cost of the acquisition is the amount of cash and cash equivalents paid or the fair value, at the date of the exchange, of the purchase consideration given by the acquirer in exchange for control over the net assets of the entity plus any costs directly attributable to the acquisition.

At the date of acquisition, the identifiable assets and liabilities of the company acquired are measured at fair value and recognized separately only if:

- It is probable that future economic resources will flow to or from the acquirer, and
- A reliable measure is available for their cost or fair value.

When allocating the purchase price to the identifiable assets and liabilities, any excess purchase consideration over the purchase price must be then allocated to goodwill.

Restructuring provisions of the acquirer can only be recognized if a detailed restructuring plan existed at or before the acquisition date, the plan was announced at or before the acquisition date raising a valid expectation by those affected and developed the main features into a detailed formal plan by the earliest of three months after the acquisition date or the approval date of the financial statements. Refer to the restructuring policy for additional information regarding specific accounting.

All acquired assets and liabilities included in the consolidated balance sheet at the date of acquisition are stated at their full fair value. Minority interest is determined by multiplying the net assets at fair value by the proportion of the minority's stake in the net identifiable assets.

Identification of Reporting Units:
The codification topic on goodwill requires that goodwill should be assigned and tested at the reporting unit level, as defined by the segment accounting topic. The segment accounting guidance defines a reporting unit as an operating segment or one level below the operating segment. Refer to the policy on segment accounting for additional information.

Initial Measurement of Goodwill:
Goodwill, at acquisition date, shall be recognized as an asset, and initially be recognized at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

If the acquirer's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination, the acquirer shall:

- Reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination, and
- Recognize immediately in profit and loss, any excess remaining after that reassessment.

Internally generated goodwill, expenses incurred to generate future economic benefit that does not result in the creation of an intangible asset, is expensed as incurred and may not be capitalized or deferred.

Measurement Subsequent to Initial Measurement:

Goodwill acquired in a business combination should be measured at cost less any accumulated impairment losses. Subsequent changes to the carrying amount of goodwill include one or more of the following:

- Impairment of Goodwill
- Changes in the fair value of identifiable assets and liabilities.

Amortization of goodwill:
Goodwill acquired in a business combination shall not be amortized.

Impairment of goodwill:
Goodwill does not generate cash flows independently from other assets and therefore the recoverable amount as an individual asset cannot be determined. As a consequence, if there is an indication that goodwill may be impaired, the recoverable amount is determined for the cash-generating unit to which goodwill belongs by comparing the carrying amount of the cash generating unit, including the goodwill, to its recoverable amount. If an impairment exists, the impaired amount is first applied to the carrying amount of the goodwill within the cash generating unit and then to other assets in the cash-generating unit on a pro-rata basis. The reductions in carrying amounts shall be treated as an impairment loss and recognized immediately in profit or loss. Note, a reversal of an impairment loss recognized for goodwill is not permitted. Refer to the goodwill impairment policy for additional accounting

Disclosure Requirement Related to Business Combinations:
NiSource follows the disclosure requirements for a company's annual financial statements, which are outlined below:

1. Disclose in the notes to the financial statements the following information in the period in which a material business combination is completed:
   - The name and a brief description of the acquired company and the percentage of voting shares acquired.
   - The primary reason for the acquisition, including a description of the factors that contributed to a purchase price that result in recognition of goodwill.
   - The period for which the results of operations of the acquired company are included in the income statement of the combined company.
   - The cost of the acquired company and, if applicable, the number of shares of equity interests (e.g., common or preferred shares, partnership interests) issued or issuable, the value assigned to those interests, and the basis for determining that value.
   - A condensed balance sheet disclosing the amount assigned to each major asset and liability caption of the acquired company at the acquisition date.
   - Contingent payments, options, or commitments specified in the acquisition agreement and the accounting treatment that will be followed should any such contingency occur.
   - The amount of purchased in-process research and development assets acquired and written off in the period and the line item in the income statement in which the amounts written off are included.
   - For any purchase price allocation that has not been finalized, that fact and the reasons therefore and, in subsequent periods, the nature and amount of any material adjustments made to the initial allocation of the purchase price.

2. Disclose the following information in the notes to the financial statements in the period in which a material business combination is completed if the amounts assigned to goodwill or to other intangible assets acquired is significant in relation to the total cost of the acquired company:

a) For intangible assets subject to amortization:

- The total amount assigned and the amount assigned to any major intangible asset class. An intangible asset class is a group of intangible assets that are similar, either by their nature or by their use in the operations of an entity.
- The amount of any significant residual value, in total and by major intangible asset class.
- The weighted-average amortization period, in total and by major intangible asset class.

b) For intangible assets not subject to amortization, the total amount assigned and the amount assigned to any major intangible asset class.

c) For goodwill:

- The total amount of goodwill and the amount that is expected to be deductible for tax purposes.
- The amount of goodwill by reportable segment unless not practicable (e.g., if the assignment of goodwill to reporting units has not been completed as of the date the financial statements are issued).

VI. AUTHORITY AND RESPONSIBILITY

Determination of the accounting treatment for business combinations is performed by the Accounting Research Group. Generally, the business combination is recorded at the Corporate level with input from the Accounting Research Group. The CAO approves any final accounting treatment.

VII. APPENDICES

None.

NiSource

Accounting Policy

Issue date:
Prepared by: June Konold
Approved by: Segment Controllers
Reference No.
Subject: Base Gas (Cushion Gas)

I. INTRODUCTION

This policy provides guidelines for the accounting treatment and the valuation of base gas (cushion gas) in underground storage. Base gas is the volume of gas that is needed as a permanent inventory in a storage reservoir to maintain adequate reservoir pressure and deliverability rates throughout the withdrawal season.

II. SCOPE

This policy applies to any NiSource business that owns or operates an underground natural gas storage facility.

III. GAAP GUIDANCE

The applicable GAAP Guidance for the accounting for base gas may be found in the following FASB Accounting Standards Codification ("ASC") Topics:

Topic 360 - *Property, Plant and Equipment:*

- Section 360-10-30 requires that property, plant, and equipment initially be recorded at its historical cost.
- Section 360-10-35 requires that property, plant, and equipment to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Topic, 980 – *Regulated Operations:*

- Subparagraph 980-405-25-1(a) states that a regulator may require refunds to customers. Refunds can be paid to the customers who paid the amounts being refunded; however, they are usually provided to current customers by reducing current charges. Refunds that meet the criteria of accrual of loss contingencies (see paragraph 450-20-25-2) shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated entity.

IV. REGULATORY CONSIDERATIONS

The Federal Energy Regulatory Commission ("FERC") provides a uniform system of accounts that includes guidance on how to account for base gas. By FERC definition, base gas is considered to be gas plant and gas plant is to be recorded at cost. Base Gas is to be recorded in Account 117.1, Gas Stored-Base Gas. Below are relevant excerpts from the uniform system of accounts related to Account 117.1.

"The investment in and use of system gas included in Account 117.1, Gas Stored-Base Gas... may be accounted for using either the "fixed asset" method or an "inventory method as set forth below...

a. *Inventory Method* – Gas stored during the year must be priced at cost according to generally accepted methods of cost determination consistently applied from year to year....

...Withdrawals of gas must be priced using the first-in-first out, last-in-first-out or weighted average cost method, provided the method adopted by the utility is used consistently from year to year and appropriate inventory records are maintained...

....Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes must be charged to Account 823, Gas Losses...

b. *Fixed Asset Method* – When replacement of the gas is made the amount carried in Account 117.4 for such volumes must be cleared with a contra entry to Account 808.2 Gas Delivered to Storage- Credit. Any difference between the utility's cost of replacement gas volumes and the amount cleared from Account 117.4 must be recognized as a gain in Account 495, Other Gas Revenues, or as a loss in Account 813, Other Gas Supply Expenses, with contra entries to Account 808.2.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses...

Account 117.1 further states:

"This account is to include the cost of recoverable gas volumes that are necessary, in addition to those volumes for which cost are properly includable in Account 101, gas plant in-service., to maintain pressure and deliverability requirements for each storage facility. Nonrecoverable gas volumes used for this purpose are to be recorded in account 352.3, Nonrecoverable Natural Gas. For utilities using the fixed asset method of accounting, the cost of base gas applicable to each gas storage facility shall not be changed from the amount initially recorded except to reflect changes in volumes designated as base gas. If an inventory method is used to account for gas included herein, the utility may, at its election, price withdrawals in accordance with the instructions to Account 117.4."

The instructions to Account 117.4, Gas Owed to System Gas, state:

"This account is to be used to record encroachments of system gas under the fixed asset method. This account may also be used to record encroachments of base gas for utilities electing to use an inventory method of accounting for system gas. Utilities may revalve cumulative net imbalances, net all transactions, and record one monthly entry with one month-end price for valuation purposes.

V. NISOURCE APPLICATION

Gas Distribution: Storage base gas is to be recorded at cost and included in Utility Plant on the balance sheet.

Columbia Gas of Pennsylvania: Per a Federal Power Commission directive dated April 1966, the Columbia Gas System Companies were authorized to create reserves for anticipated losses to Account 117 by charging Account 823 and crediting a subdivision of Account 117. This reserve was to accumulate over a thirty-year period until the reserve approximated 15% of the amount reflected in Account 117. Any loss of base gas should be charged against this reserve. Any loss above that amount should be charged to Account 823, Gas Losses.

Nipsco: In addition to storage base gas recorded in account 117, Nipsco has nonrecoverable natural gas that is recorded in account 101.352.3. This non-recoverable natural gas is depreciated based on a depreciation rate approved in the most recent base rate case proceeding.

Gas Transmission & Storage: Storage base gas is to be recorded at cost and included in Utility Plant on the balance sheet. Any loss of base gas should be recorded in Account 823, Gas Losses. When it is determined that an amount of base gas is no longer needed for operational purposes, NGT&S must request FERC approval to sell the gas. Gains on the sale of base gas may be subject to customer sharing based on FERC directive. Amounts to be shared with customers should be recorded as a regulatory liability pursuant to policy no. Regulatory Assets/Liabilities

Comment [UQ1]: Reference to be finalized after completing of final batch of policies

VI. AUTHORITY AND RESPONSIBILITY

The Accounting group is responsible for recording and valuing base gas under the authority of the Segment controller.

The Financial Reporting group is responsible for presentation and disclosure in the financial statements. Presentation and disclosure in the financial statements is reviewed and approved by the Chief Accounting Officer.

VII. APPENDICES

None.

NiSource™

Accounting Policy Guide

Issue date: August 1, 2011
Prepared by: Julie Wozniak & Balance Sheet Reconciliation Team
Approved by: Jon Veurink
Reference No.
Subject: Balance Sheet Account Reconciliation Process

I. INTRODUCTION

All balance sheet accounts will be assigned an owner and will be reconciled at a minimum semi-annually, depending on the account's risk rating. See "**Timeline**" below for the detailed requirements.

The purpose of this Account Reconciliation Policy is to document the account owner requirements for reconciling accounts and to ensure that all accounts are reconciled regularly. Adherence to this policy is designed to:

- Provide assurance that the balance sheet correctly reflects the financial position of the Company and supports accurate profit and loss reporting
- Reduce the risk of error within financial statements
- Assign ownership and responsibility of each account to the source organization to assure early identification of incomplete or inaccurate financial activity or records
- Verify that transactions from sub-ledgers are being recorded correctly and they accurately support the associated balance sheet accounts
- Detect transactions posted to the wrong accounts or in the wrong time periods and dictate appropriate and timely resolution of reconciling items
- Simplify financial and comparative analysis
- Fulfill certain Sarbanes-Oxley and prepare for external and internal audits

II. SCOPE

This policy applies to all NiSource companies.

III. GAAP GUIDANCE

Not applicable.

IV. REGULATORY CONSIDERATIONS

Not applicable.

V. NISOURCE APPLICATION

Account Reconciliation

Account reconciliation is the process of comparing the general ledger (G/L) balance for a specific balance sheet account to *independent supporting documentation* in order to determine the appropriateness of the account balance at a point in time. Differences between the G/L balance and the source document balance should be *identified, investigated and resolved.* The result will be a valid G/L balance, explanations for reconciling differences and proposed adjusting journal entries, if necessary.

NiSource™

Accounting Policy Guide

Issue date: August 1, 2011
Prepared by: Julie Wozniak & Balance Sheet Reconciliation Team
Approved by: Jon Veurink
Reference No.
Subject: Balance Sheet Account Reconciliation Process

A Reconciliation Includes	A Reconciliation Does NOT Include
• A completed Account Reconciliation Summary Form (ARF) with proper approval and signatures • A detailed reconciliation with supporting documentation • A detailed list of reconciling items • An action plan for resolving reconciling items	• A report listing beginning general ledger balance plus/minus debits and credits to arrive at the ending general ledger balance (rollforward of activity) • A general ledger print screen • A list of reconciling items without explanation and an action plan for resolution

Account Ownership

Account owners are those individuals expected to have the best working knowledge of the account activity.

Timeline

Minimum frequency of account reconciliations is determined by the risk rating assigned to the accounts by business unit personnel. High risk accounts are to be reconciled monthly, without exception. Medium risk accounts are to be reconciled at least quarterly. Low risk accounts are to be reconciled at least semi-annually. Risk ratings will be reviewed periodically, at least on an annual basis. An initial risk rating will be assigned to each new account when it is established. Segment controllers or assistant controllers may require more frequent reconciliation of any or all accounts at their discretion.

Account reconciliations are due, at the latest, at the end of the month following the period end date that is being reconciled unless an exception is granted by the Chief Accounting Officer. Business unit personnel may, at their discretion, require reconciliations to be completed prior to month end.

Quarterly reconciliations may be prepared for a period with a non-quarter end month (i.e three months ending February 28, May 31, August 31, November 30) as long as the business unit complies with the prescribed pre-submission closing review process, and any other business unit specific balance sheet review procedures.

Reconciling Items

All reconciling items are to be cleared within 90 days. Any reconciling items greater than $100,000 not cleared within 90 days of entry should be reported on the summary sheet in an aged format and will be communicated to the Consolidation Accounting Department. Additionally, any unreconciled differences greater than $100,000 will be reported in the same manner. The Chief Accounting Officer and the business unit Controllers or Assistant Controllers will review these items quarterly.

VI. AUTHORITY AND RESPONSIBILITY

The following lists the responsibilities for this policy:

Position	Responsibility

Account Owner

- Reconcile accounts on a timely basis, in accordance with account risk ratings
- Communicate reportable reconciling items (unreconciled differences greater than $100,000 or known differences greater than $100,000 and greater than 90 days old) to the business unit representative or Consolidation Accounting
- Clear all reconciling items as soon as possible, but no later than 90 days after reconciliation unless there is a specific rationale for not clearing it
- Reconcile accounts with zero balance if there was activity within the quarter

Segment Controller/Segment Assistant Controller

- Administer this Policy

Accounting Manager

- Assign ownership for each balance sheet account within his/her designated companies
- Communicate responsibilities of account ownership to all account owners, including reconciliation frequency
- Maintain accurate balance sheet account listings
- Identify the reconciliation frequency for the accounts when the periodic review of account risk ratings is completed
- Identify the reconciliation frequency for new accounts by providing an initial risk rating and adjusting account risk ratings between periodic review for accounts with significant changes in activity
- Determine appropriate action to resolve reconciling items
- Ensure communication of reportable items to Consolidation Accounting
- Ensure all balance sheet accounts are reconciled by the due date and communicate any reportable items or exceptions to the Segment Controller, Segment Assistant Controller and Chief Accounting Officer.

Approval

All reconciliations shall be reviewed and approved by the supervisor of the preparer. High risk account reconciliations must be reviewed and approved by the business unit Controller/Assistant Controller at least one month during each quarter.

Form and Content

An account reconciliation form template is located on NiSource intranet web site. Use of this form is required. Preparers' and approvers' names should be included and be legible. Electronic approvals must be documented and have an adequate audit trail to satisfy Sarbanes-Oxley compliance testing.

Account balances must be fully supported with original documentation unless the information is confidential or voluminous. Documentation determined to be confidential should be referenced to the department responsible for the detail information. Documentation deemed to be voluminous should have the file location referenced. Documentation may include but is not limited to contracts, amortization schedules, invoices, bank statements, sub-ledger summary report and schedules of outstanding items. This documentation should be maintained by the account reconciler.

Reconciling items must be fully explained and documented with the following information:

- Description
- Originating date, Aging Category
- Correcting entry
- Expected clearing date
- Any other information necessary for the explanation

Record Retention

Account reconciliations and associated supporting documents should be maintained in accordance with each business unit's individual practice/policy or the timeframe prescribed by the Controller.

VII. APPENDICES

None.

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

9. Provide Columbia's budget instructions, assumptions, directives, manuals, policies and procedures, timelines, and descriptions of budget procedures.

Response:

Please see Attachment A and refer to the direct testimony for the response.

COLUMBIA GAS OF KENTUCKY, INC. O&M POLICY:

Operation and Maintenance Budgeting Overview:

The Operation and Maintenance (O&M) expense budget used by Columbia Gas of Kentucky, Inc. (CKY) serves as a key component of CKY's overall financial plan and as a cost management tool for NiSource's Gas Distribution segment and CKY company management.

The NiSource Gas Distribution Segment (NGD) management team, including the management team at CKY, first will identify general O&M requirements and then establish financial goals and planning objectives in conjunction with NiSource Inc.'s senior management. These goals and objectives will then be communicated to each successive layer of management and employees, and the NGD Financial Planning team, which is responsible for the development of NGD's financial plans. It is the responsibility of these groups, working together, to ensure that: (1) CKY's financial plans, including O&M expenses, are developed in accordance with overall financial goals and objectives and (2) individual company operational and administrative requirements are addressed.

The O&M budget for CKY will be based on a grass roots concept in which individuals responsible for approving expenditures will also be responsible for budgeting the expenditures. The process will generally follow organizational responsibility. Department heads will be responsible for overseeing the development of O&M budgets for all cost centers under their control. Budgets will originate in operating center locations in the field and other departments representing the major business functions of the company; these budgets will be combined with a corporate-level budget to arrive at a total company budget.

The current major departmental/functional groupings for CKY are as follows:

- Distribution Operations (Field Operations, Engineering & Construction, Technical Operations, Training)
- Meter to Cash (Billing, Meter Reading)
- Customer Call Center
- Integration Center
- President's Staff (Legislative and Regulatory, Universal Services and Customer Programs)
- Corporate Undistributed (corporate level expenses not allocated to individual departments)

O&M Budget Development

The CKY O&M "long-range" plan will be developed annually in the fall by department by cost element with the assistance of the NGD Financial Planning department. Each department's budget will be reviewed with and approved by the business segment CFO and CEO. This review will include a comparison of the proposed budget to the prior budget as well as a comparison of year over year changes. These comparisons will help identify trends and allow for measurement against management's expectations. Once finalized, the departmental budget will be incorporated into the business unit's long-range plan.

The "current year 0&12" (baseline) O&M budget will be developed annually in January at a greater level of detail (i.e. individual cost center) using the approved long-range plan as the starting point and then updating for known changes since the long-range plan will be developed approximately five months earlier (i.e. the previous year's 7&5 budget).

The current year 0&12 budget will be further revised during the year to take into account timing variances as actual month's O&M charges post. Updates for known changes will also be made during the year. In addition to the 0&12 and monthly budget updates, there will be three additional official plan updates in the year (2&10 in March, 5&7 in June, and 7&5 in August) that follow a similar budgeting process as the 0&12. During each plan update, variances will be reviewed and approved by the business segment CFO and CEO prior to the plan being finalized.

Monthly Closing Reasonableness Review

Each month, the Financial Planning department will compare actual O&M expenses incurred to the current and original (0&12) budget by department and by cost element. Analysts and managers responsible for individual departmental budgets and total company budgets will perform reviews independent of each other. These are reasonableness reviews of the budget versus actual variances that will be designed to identify and investigate significant or unusual fluctuations from expectations. This review process will include interactions with NGD Accounting and other departments as needed.

There are a material number of individual transactions processed each month, most of which are attached to a specific source document (e.g. employee timesheets, invoices, etc.). The Financial Planning department will not review individual transactions as a normal part of the reasonableness review process unless needed to clarify an accounting entry. The review process for source documents shall stand alone and will be performed well upstream of the monthly closing reasonableness review.

Once the monthly closing reasonableness review has been completed, the Financial Planning department will provide sign-off to NGD Accounting regarding the reasonableness of the current month's activity and the books may then be closed for the month's business.

Post-Closing Reporting and Review

After monthly closing, the Financial Planning department will analyze and communicate variances that allow individual departments and NGD leadership to review results. As part of the process, the Financial Planning department may notice items that result in further review of that month's actuals.

Also after monthly closing, the Financial Planning department will continue to analyze and further test the reasonableness of actuals, which may also lead to further review. These reviews will be conducted at both a cost element level as well as a departmental view, and will be communicated to departmental management and NGD leadership on a monthly basis. This includes variance explanations.

Once per quarter, Sarbanes Oxley (SOX) O&M controls will be tested, including compiling and submitting documentation of such testing. There are several controls that will be subject to change each quarter based on the Company's efforts to continuously improve the adequacy of such controls. A Financial Planning department manager will be the process owner and will assign the quarterly testing to an analyst to complete. Completion of this testing will include documentation of closing variance reporting, analyst and manager sign-offs, and business driver explanations that exceed established controls.

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

10. Provide the studies, including all applicable workpapers, which are the basis for plant allocations and expense account allocations.

Response:

Please refer to the following documents related to Columbia's cost of service studies that were filed as part of its rate case:

- Filing Requirement # 12-v (see Volume 7, Tab 59) contains Columbia's cost of service studies based upon pro forma revenues and costs for the forecasted test period ending December 31, 2014, at present and proposed rates.

- Schedule 4 of Filing Requirement # 12-v presents a complete description and back-up calculations for all the allocation factors used in the cost functionalization, cost classification, and cost allocation phases of Columbia's cost of service studies to assign plant and expenses to its rate classes.

- The supporting studies which form the basis for the plant and expense allocations utilized in Columbia's cost of service studies are contained in the supporting workpapers (see Volume 7, Tab 59, following Schedule 4).

KY PSC Case No. 2013-00167
Response to Staff's Data Request No. 011
Respondent: Eric T. Belle

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

11. Describe the procedures that Columbia uses to plan and approve construction projects.

Response:

Columbia's procedures for planning and approving construction projects begin by first developing the overall scope of the project. Columbia's engineering department develops the project scope based on the most cost effective way to complete the project. The engineering department then will visit the proposed construction site to determine the preferred location to install new facilities. During this site visit, the engineering department determines if there are site conditions that would hinder the ability to effectively execute the project and then will make adjustments to proposed construction route as needed. Columbia then completes or confirms its customer load studies through the use of hydraulic software which simulates the flow of gas though the system to ensure all proposed facilities are properly sized. With the proposed scope of the project completed and the size of the facilities determined, Columbia then will generate the drawings or plans for that project that depicts the size and location of the proposed facilities for the project. After the drawings or plans are completed, Columbia's engineering department then develops the detailed project job order estimate in our work management system detailing the estimated company labor hours, material, company vehicles, contractor units, and other miscellaneous costs required to complete the project. Once the detailed project estimate is completed, Columbia's engineering department reviews the project with the construction department to address any construction related challenges that may exist on the project and to make adjustments to the plan prior to the approval of the project. The final step in the process is the submittal and approval of the project. Based on the estimated cost, each project is submitted for budgetary review and approval within the engineering organization based on NiSource Gas Distribution's capital allocation and authorization policy. Any project with a total cost estimate in excess of $1.5 million requires minimum signature approval by the Vice President Engineering & Construction.

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

12. Provide Columbia's long-term construction planning program.

Response:

Columbia's long-term construction planning program focuses on the continued execution of the AMRP. From 2008 through 2012, Columbia retired approximately 70 miles of priority pipe. Therefore, approximately 454 miles of priority pipe that is currently in service within Columbia's system will be retired over the next twenty five years.

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

13. Concerning Columbia's construction projects:

a. For each project started during the last 10 calendar years, provide the information requested in the format contained in Schedule 13a. For each project, include the amount of any cost variance and delay encountered, and explain in detail the reasons for such variances and delays.

b. Using the data included in Schedule 13a, calculate the annual "Slippage Factor" associated with those natural gas construction projects. The Slippage Factor should be calculated as shown in Schedule 13b.

c. In determining the capital additions reflected in the base period and forecasted test period, explain whether Columbia recognized a Slippage Factor.

Response:

Columbia's construction related capital expenditures are allocated and managed predominately across the following four budget classes: growth, betterment, replacement and public improvement. All capital construction projects involving the installation of distribution main and plant facilities have a unique capital work order assigned to track the total capital cost. These construction projects are considered capital design projects. Columbia budgets and monitors the variances associated with each of these projects over the entire duration of the project. Since many of these projects involve construction timeframes and capital expenditures which overlap a calendar or budget year, Columbia monitors variances after the project is completed when all expected capital charges have been captured.

There are other capital related construction activities that involve the installation of non-design facilities which represent a considerable portion of Columbia's overall capital budget. A key example of this type of construction activity involves the installation of new and replacement service lines less than three inches in diameter. The capital expenditures associated with non-design capital work is aggregated in budget categories based on the activity completed. Columbia aligns each of these activities under the appropriate budget class and manages both the construction projects and non-design capital work at the budget class level.

Concerning Columbia's construction projects, see Staff Set 1 DR No. 13a Attachment A for Columbia's projects from 2005 – 2012. Columbia's data warehouse contains information that dates back to 2005. Obtaining data prior to

2005 represents a significant manual task as this data is not readily available. Concerning the annual slippage factor, Columbia witnesses Miller and Belle recognized the slippage factor in direct testimony. Columbia calculated its slippage factor based on total capital expenditures which include both construction projects and non-design construction related activities over the last five years. See Staff Set 1 DR No. 13b Attachment B.

PSC Case No. 2013-00167
Staff Set 1 DR No. 013a
Attachment A
Respondent: Eric T. Belle

Project No.	Project Title/Description	Annual Actual Cost	Annual Original Budget	Variance in Dollars	Variance in Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance in Dollars	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End	Job Order Comments
99026691800	INSTALL EAGLE RTU	-	-	-	-	0.44%	$10,800.55	$6,969.79	$3,830.76	1/1/2005	12/31/2005	4/27/1999	1/1/2005	FACILITY FOR RTU HAD ALREADY BEEN CREATED FACILITY #356057
04026960100	REG STA 1211 SITE	-	-	-	-	0.00%	$0.00	$3,244.52	-$3,244.52	1/1/2005	12/31/2005	3/1/2004	1/5/2005	COMPLETION REPORT NO SKETCH REQUIRED
04026978000	INSTALL 2110'-2"PIP MAIN	-	-	-	-	0.47%	$11,527.07	$28,611.03	-$17,083.96	1/1/2005	12/31/2005	6/8/2004	1/10/2005	LAND SERVICES ESTIMATED CHARGES, UNDERRUN DUE TO ONLY HAD TO
04026981900	RELOCATE 135' OF 2"PMMP	-	-	-	-	0.22%	$5,505.47	$8,300.28	-$2,794.81	1/1/2005	12/31/2005	7/6/2004	1/12/2005	ESTIMATED TO RECONNECT TWO SERVICES ON MAYSVILLE RD, THE SERVICES WAS
05026103300	REPLACE EFC	-	-	-	-	0.00%	$115.12	$51.49	$63.63	1/1/2005	12/31/2005	1/12/2005	1/12/2005	COMPLETION/NO SKETCH REQUIRED
04026999000	INSTALL 392' OF 6"PMLP	-	-	-	-	0.39%	$9,713.42	$7,445.08	$2,268.34	1/1/2005	12/31/2005	12/9/2004	1/25/2005	JOB REQUIRED 388 FEET OF 6 INCH PLASTIC AND 30 FEET OF 4" PLASTIC
04026997500	INSTALL APPROX. 325'/2"PMIP	-	-	-	-	0.56%	$13,741.50	$7,881.28	$5,860.22	1/1/2005	12/31/2005	12/3/2004	1/25/2005	INSTALLED 300 FT. OF 2 IN. PIP AND 4 FT. OF 2 IN. IP STEEL MAIN.
04026990500	INSTALL 160'/2"PMMP	-	-	-	-	0.33%	$8,227.13	$7,018.68	$1,208.45	1/1/2005	12/31/2005	9/23/2004	1/27/2005	INSTALLED 160 FT. OF 2 IN. PMP MAIN.
04026996500	INSTALL 630'-4"PLP MAIN	-	-	-	-	0.27%	$6,795.74	$7,990.45	-$1,194.71	1/1/2005	12/31/2005	11/4/2004	1/31/2005	JOB REQUIRED LESS TIME THAN ESTIMATED, WAS ABLE TO DO STRAIGT TIE IN
05026104400	INSTALL 210'/2"PMIP	-	-	-	-	0.25%	$6,162.68	$6,022.04	$140.64	1/1/2005	12/31/2005	1/24/2005	1/31/2005	INSTALLED 215 FT. OF 2 IN. PIP MAIN
05026102500	INSTALL 100' - 2" PMIP	-	-	-	-	0.03%	$685.13	$1,357.76	-$672.63	1/1/2005	12/31/2005	1/6/2005	2/7/2005	UNDERRUN DUE TO INSTALLATION BY COMPANY LABOR VS. CONTRACT LABOR
05026107700	REPLACE MAIN - LEAKAGE	-	-	-	-	0.11%	$2,605.56	$3,377.30	-$771.74	1/1/2005	12/31/2005	3/3/2005	2/8/2005	LEAK CLEARED ON JOB ORDER 04-5869138-00DPI B345624
04026994700	INSTALL 762' OF 4" PMMP	-	-	-	-	0.80%	$19,864.50	$19,043.85	$820.65	1/1/2005	12/31/2005	10/21/2004	2/11/2005	NO ROCK EXCAVATION AS ESTIMITED
04026995700	INSTALL 649' OF 4"PMMP	-	-	-	-	0.38%	$9,289.53	$12,115.46	-$2,825.93	1/1/2005	12/31/2005	11/1/2004	2/11/2005	TWALKER/KY-CKY PLANS IN FUTURE TO TIE IN NEW 4" PM ON SYSTEM 32010158 TODDS
04026976500	INSTALL 730'-2"PMP MAIN	-	-	-	-	0.18%	$4,538.69	$8,528.69	-$3,990.00	1/1/2005	12/31/2005	6/3/2004	2/21/2005	JOB UNDERRUN DUE TO NO ROCK EXCAVATION REQUIRING LESS TIME
03026937700	INST 2471 8" WTHP AND 240'PMP	-	-	-	-	10.57%	$261,728.52	$255,344.80	$6,383.72	1/1/2005	12/31/2005	9/24/2003	2/22/2005	8" PIPE ORDERED ON MATL JO #04-5862182-00
03026937600	INSTALL 8" PMP & WTMP SERVICE	-	-	-	-	0.64%	$15,729.74	$7,687.22	$8,042.52	1/1/2005	12/31/2005	9/24/2003	2/22/2005	JOB OVERRAN DUE TO CHANGING LENGTH OF SERVICE. ESTIMATED AT 100' OF 8"
04026994600	INSTALL 950' OF 2" PMMP	-	-	-	-	0.18%	$4,344.36	$10,128.85	-$5,784.49	1/1/2005	12/31/2005	10/21/2004	2/23/2005	UNDERRAN DUE TO NO ROCK OR EXTRA DEPTH NEEDED. LESS TIME THAN ESTIMATED
05026103800	RELOCATE 127' OF 2" PMMP	-	-	-	-	0.08%	$2,031.23	$6,593.08	-$4,561.85	1/1/2005	12/31/2005	1/13/2005	2/23/2005	WAS ABLE TO STRIP OUT BOTH ENDS AND LOWER PIPE. THER WAS NO ROCK
04026101100	INSTALL 230'/2"PMIP	-	-	-	-	0.08%	$1,976.16	$2,229.76	-$253.60	1/1/2005	12/31/2005	12/17/2004	3/1/2005	WORK DONE BY COMPANY EMPLOYEES
03026946700	INSTALL 3215' OF 2" PMMP	-	-	-	-	0.40%	$9,903.41	$13,780.36	-$3,876.95	1/1/2005	12/31/2005	12/4/2003	3/2/2005	BLANE IN PROGRESS
05026108300	REPLACE MAIN - LEAKAGE	-	-	-	-	0.01%	$220.52	$0.00	$220.52	1/1/2005	12/31/2005	3/7/2005	3/7/2005	JOB ORDER CREATED TO TRANSFER CHARGES FROM JO 02-0268943-00
04026991200	INSTALL 2680'-2"&455'-4"MAIN	-	-	-	-	0.70%	$17,313.10	$23,201.97	-$5,888.87	1/1/2005	12/31/2005	10/4/2004	3/8/2005	JOB UNDER RAN...NO STREET CUTS OR SIDE WALK CUTS.REQUIRED LESS TIME TO INS
04026987000	RELOCATE 1250' OF 2" PMMP	-	-	-	-	0.86%	$21,223.19	$25,763.56	-$4,540.37	1/1/2005	12/31/2005	8/11/2004	3/15/2005	JOB UNDERRAN DUE TO NO ROCK EXCAVATION OR EXTRA DEPTH. JOB COMPLETED IN
04000130900	GAS MEASUREMENT STREAMLINE	-	-	-	-	0.00%	$0.00	$1,726.00	-$1,726.00	1/1/2005	12/31/2005	7/29/2004	3/15/2005	TWALKER/KY-NO SIGNED JOB ORDERS AND NO SKETCH FOR COMPLETION REPORT.
04026990200	INSTALL 4660'-2" & 2950'-4"PMP	-	-	-	-	1.15%	$28,489.80	$42,484.80	-$13,995.00	1/1/2005	12/31/2005	9/14/2004	3/22/2005	JOB IS IN PROGRESS, INSTALLED 1,034' OF PIPE PLUS A 30' ROAD BORE.
95026406400	PURCH & INST NETWORK EQUIP	-	-	-	-	0.15%	$3,691.45	$5,679.95	-$1,988.50	1/1/2005	12/31/2005	2/28/1995	4/7/2005	EQUIPMENT WAS INSTALLED IN AUG & SEP 1995. JOB ORDER WAS NEVER EXECUTED
04026966100	INSTALL 3870'/4" PMMP	-	-	-	-	5.00%	$123,814.90	$87,494.63	$36,320.27	1/1/2005	12/31/2005	4/13/2004	4/8/2005	INSTALLED 4520 FT. OF 4 IN. MAIN.
99026726100	ACQUIRE REGULATOR SITE	-	-	-	-	0.53%	$13,036.87	$0.00	$13,036.87	1/1/2005	12/31/2005	11/16/1999	4/11/2005	COMPLETION REPORT NO SKETCH REQUIRED
04026100600	RELOCATE 291' OF 2"PMIP	-	-	-	-	0.32%	$7,824.00	$11,344.34	-$3,520.34	1/1/2005	12/31/2005	12/16/2004	4/15/2005	TWO 2 1/2 IN SST'S SPECIAL ORDERED. PAID CONTRACTOR ITEM #15-080 3"SST
05026102900	INSTALL 325'/3" PMIP MAIN	-	-	-	-	0.51%	$12,676.14	$8,439.42	$4,236.72	1/1/2005	12/31/2005	1/11/2005	4/18/2005	INSTALLED 273 FT. OF 3 IN. PIP MAIN.
05026103000	INSTALL 25'/3" SERVICE LINE	-	-	-	-	0.13%	$3,329.03	$766.07	$2,562.96	1/1/2005	12/31/2005	1/11/2005	4/18/2005	INSTALLED S/L
04026996900	RELOCATE 1193' OF 3"& 4"PMLP	-	-	-	-	1.70%	$42,001.87	$87,671.35	-$45,669.48	1/1/2005	12/31/2005	11/18/2004	4/19/2005	JOB UNDERRAN DUE TO LESS TIME DUE TO LESS ROCK EXCAVATION, NO STREET PLATES

04026962800	INSTALL 600'-2"PMP MAIN	-	-	-	-	0.50%	$12,486.57	$6,900.24	$5,586.33	1/1/2005	12/31/2005	3/19/2004	4/22/2005	JOB OVERRAN...LAND SERVICES ESTIMATED FOR $1545.00 ACTUAL COST FOR LAND
05026104300	INSTALL 564'-4"P MAIN	-	-	-	-	0.42%	$10,360.80	$5,042.08	$5,318.72	1/1/2005	12/31/2005	1/24/2005	4/25/2005	JOB OVERRAN DUE TO COULD NOT LOCATE END OF MAIN TO TIE IN..MAIN TOO DEEP
04026986000	RELOCATED 3609' OF 4",2" WT&P	-	-	-	-	5.99%	$148,264.75	$105,226.95	$43,037.80	1/1/2005	12/31/2005	8/2/2004	4/28/2005	RECLAIMED 270 OF 4" STEEL THAT WAS RETIRED FOR CASING
05026105000	INSTALL 345'/2"PMIP	-	-	-	-	0.65%	$16,057.70	$9,491.78	$6,565.92	1/1/2005	12/31/2005	1/31/2005	5/11/2005	THIS IS MAIN EXTENSION THROUGH PARKING LOT OF TENNIS CENTER. NO CENTER LINE
04026998400	REPLACE 640' OF 4" WTHP	-	-	-	-	1.48%	$36,748.48	$32,833.50	$3,914.98	1/1/2005	12/31/2005	12/7/2004	5/13/2005	STEVE SAMPLES TO COMPLETE
05026124100	REPLACE MAIN - LEAKAGE	-	-	-	-	0.12%	$2,874.77	$4,007.13	-$1,132.36	1/1/2005	12/31/2005	6/22/2005	5/24/2005	PAVING HAS BEEN COMPLETED BUT NOT INVOICED AS OF 7-7-05
05026120000	INSERT 40' OF 3" PLP	-	-	-	-	0.12%	$2,938.06	$2,966.10	-$28.04	1/1/2005	12/31/2005	5/31/2005	5/31/2005	RECLAIMED 50' OF 4"STEEL PIPE FOR CASING
05026112700	INSTALL 665'/4" & 6" PMLP	-	-	-	-	0.92%	$22,669.90	$56,829.42	-$34,159.52	1/1/2005	12/31/2005	4/21/2005	6/2/2005	UNDERRUN DUE TO REDUCED PAVING BY LOCATING MAIN IN GRASS AREAS AND BORING
05026109500	INSTALL 2012' OF 4"WTHP	-	-	-	-	2.62%	$64,797.76	$51,882.33	$12,915.43	1/1/2005	12/31/2005	3/22/2005	6/9/2005	TWALKER/KY 07-20-06: JOB OVER RAN DUE TO CHANGE IN SEGA RATE AND LABOR
05026102600	INSTALL 540'/4"PMIP-LOCK LN	-	-	-	-	0.87%	$21,549.71	$19,817.56	$1,732.15	1/1/2005	12/31/2005	1/7/2005	6/16/2005	INSTALLED 525 FT. OF 4 IN PIP AND 42 FT. OF 4 IN. STEEL.
05026111100	INSTALL 975' - 2" PMMP	-	-	-	-	0.27%	$6,599.20	$14,182.59	-$7,583.39	1/1/2005	12/31/2005	4/6/2005	6/23/2005	INSTALLED 975 FT. OF 2 INCH PLASTIC MAIN
04026101600	INSTALL 560'/4"PM	-	-	-	-	1.01%	$24,960.46	$16,383.87	$8,576.59	1/1/2005	12/31/2005	12/29/2004	6/24/2005	INSTALLED 610 FT. OF 4 IN. PLP MAIN.
05026112600	INSTALL 294'-2"PMMP MAIN	-	-	-	-	0.39%	$9,535.76	$4,605.21	$4,930.55	1/1/2005	12/31/2005	4/21/2005	6/27/2005	DID NOT NEED RIGHT-A-WAY PER JEFF MOBLEY
05026123500	INSTALL 150'/2" LP & 170'/2"MP	-	-	-	-	0.24%	$5,834.11	$3,317.73	$2,516.38	1/1/2005	12/31/2005	6/20/2005	6/28/2005	INSTALLED 150FT. OF 2IN. LP MAIN AND 170FT. OF 2IN. MP MAIN
05026107300	INSTALL 64' - 2" PMIP	-	-	-	-	0.47%	$11,707.42	$6,770.75	$4,936.67	1/1/2005	12/31/2005	2/28/2005	6/28/2005	INSTALLED 60 FT. OF 2 IN. PIP MAIN.
05026121600	INSTALL 406'-2"PMMP	-	-	-	-	0.54%	$13,465.63	$7,939.83	$5,525.80	1/1/2005	12/31/2005	6/7/2005	6/30/2005	TWALKER/KY 07-20-06: JOB OVER RAN DUE TO HIGHER SEGA RATES AND PROJECT
05026118100	INSTALL EFC	-	-	-	-	0.14%	$3,362.99	$3,047.70	$315.29	1/1/2005	12/31/2005	5/20/2005	7/15/2005	COMPLETION REPORT--SKETCH NOT REQUIRED.ZS
05026124301	INSTALL RE-LIGHT KIT	-	-	-	-	0.00%	$0.00	$8,377.16	-$8,377.16	1/1/2005	12/31/2005	11/21/2005	7/19/2005	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
05026117900	INSTALL EFC	-	-	-	-	0.11%	$2,629.01	$3,047.70	-$418.69	1/1/2005	12/31/2005	5/20/2005	7/21/2005	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
05026108600	INSTALL 645' - 2" PMMP	-	-	-	-	0.32%	$7,864.13	$6,734.59	$1,129.54	1/1/2005	12/31/2005	3/9/2005	7/22/2005	INSTALLED 675FT. OF 2 IN. PMP.
05026116700	INSTALL 3700'-6"PMMP & 400'-4"	-	-	-	-	2.57%	$63,710.86	$77,270.96	-$13,560.10	1/1/2005	12/31/2005	5/11/2005	8/3/2005	TWALKER/KY 06-09-06: THE SYSTEM NUMBER CHANGED FROM 32010075 TO 32010158 AS
05026111700	INSTALL 3685'-4"PMMP MAIN	-	-	-	-	2.28%	$56,440.35	$37,275.59	$19,164.76	1/1/2005	12/31/2005	4/11/2005	8/3/2005	TWALKER/KY 07-20-06: JOB OVER RAN DUE TO HIGHER SEGA RATE, PROJECT REQUIRED
05026109400	INST 1530'-4"/7592'-2"PMP	-	-	-	-	2.28%	$56,471.14	$52,022.41	$4,448.73	1/1/2005	12/31/2005	3/22/2005	8/4/2005	TWALKER/KY 06-09-06: JOB WAS DELAYED DUE TO RICHMOND ROAD UPRATE. SYSTEM
05026121100	RTU- INSTALL 80AH BATTERY BANK	-	-	-	-	0.05%	$1,335.86	$841.00	$494.86	1/1/2005	12/31/2005	6/6/2005	8/9/2005	PER BILL WESTLING: THE OVER RUN WAS DUE TO ADDITIONAL
05026121300	RTU- INSTALL 80AH BATTERY BANK	-	-	-	-	0.05%	$1,335.85	$841.00	$494.85	1/1/2005	12/31/2005	6/6/2005	8/9/2005	PER BILL WESTLING: THE OVER RUN WAS DUE TO ADDITIONAL
04026982600	INSTALL 5951'-4"P & 13760'-2"P	-	-	-	-	8.21%	$203,177.79	$138,523.78	$64,654.01	1/1/2005	12/31/2005	7/7/2004	8/10/2005	ORIGINAL JOB ORDER NUMBER 03-0269170-00 VOIDED TO CREATE JOB WITH SPECIFIC
04026993600	INSTALL APPROX. 2550'/4"P	-	-	-	-	3.93%	$97,243.30	$71,920.46	$25,322.84	1/1/2005	12/31/2005	10/18/2004	8/11/2005	JOB OVER RAN DUE TO MORE LAND SERVICES THAN ESTIMATED. JOB TOOK LONGER
05026112900	INSTALL 440'/4" PMMP	-	-	-	-	0.86%	$21,306.06	$14,745.88	$6,560.18	1/1/2005	12/31/2005	4/22/2005	8/17/2005	OVERRUN DUE TO RELOCATED TIE-IN POINTS.
05026126100	INSTALL HEATER RE-LIGHT KIT	-	-	-	-	-0.12%	-$2,918.12	$1,540.35	-$4,458.47	1/1/2005	12/31/2005	7/8/2005	8/18/2005	INSTALLED NEW HEATER RE-LIGHT KIT
04026996000	REPLACE DEPLETED GROUNDBED	-	-	-	-	0.12%	$2,857.26	$6,331.41	-$3,474.15	1/1/2005	12/31/2005	11/2/2004	8/23/2005	1ST ANODE 228' FROM REC. 6 ANODES- 10' SPACING
04026957200	INSTALL 490'/6" WTHP	-	-	-	-	2.96%	$73,298.23	$89,847.09	-$16,548.86	1/1/2005	12/31/2005	2/4/2004	8/25/2005	INSTALLED 475 FT. OF 6 IN. STHP MAIN.
04026978500	INSTALL 1000'-2"PMP MAIN	-	-	-	-	0.54%	$13,325.48	$12,087.95	$1,237.53	1/1/2005	12/31/2005	6/10/2004	8/26/2005	LAND SERVICES CHARGES NOT BILLED AS OF 9-9-05.
05026122400	INSTALL 60' - 4" PM SERVICE	-	-	-	-	0.10%	$2,355.66	$3,356.55	-$1,000.89	1/1/2005	12/31/2005	6/14/2005	8/31/2005	INSTALLED 4 IN. S/L.
05026122300	INSTALL 85'/4" PM	-	-	-	-	0.17%	$4,201.42	$5,381.55	-$1,180.13	1/1/2005	12/31/2005	6/14/2005	9/1/2005	INSTALLED 77 FT. OF 4 IN. PLP MAIN.
04026987900	INSTALL 2765'-2"/165'-4"PMP	-	-	-	-	2.42%	$59,886.38	$31,460.18	$28,426.20	1/1/2005	12/31/2005	8/19/2004	9/2/2005	TWALKER/KY-REC LFUCG PERMIT #7778 FOR THIS JOB.
05026119800	INSTALL 997' - 6" PMMP	-	-	-	-	1.63%	$40,235.08	$52,666.47	-$12,431.39	1/1/2005	12/31/2005	5/30/2005	9/2/2005	TWALKER/KY-JOB LOWER COST DUE TO LESS PAVING REPAIRS THAN ORIGINAL ESTIMATE
05026116100	RELOCATE GAS MAIN & VALVE	-	-	-	-	0.90%	$22,222.03	$14,673.33	$7,548.70	1/1/2005	12/31/2005	5/4/2005	9/2/2005	TWALKER/KY-ADDED 2" GATE VALVE AS NON-STOCK ITEM, VALVE WAS INSTALLED AT
05026133200	INSTALL 100'/3"PMMP	-	-	-	-	0.09%	$2,232.34	$2,678.37	-$446.03	1/1/2005	12/31/2005	9/6/2005	9/13/2005	INSTALLED 100 FEET OF 3 INCH PLASTIC PIPE
05026127800	INSTALL 356' - 4" PM	-	-	-	-	0.84%	$20,755.88	$15,409.30	$5,346.58	1/1/2005	12/31/2005	7/22/2005	9/14/2005	INSTALLED 365 FT. OF 4 IN. PLP AND 5 FT. OF 3 IN. PLP MAIN

04026999700	INSTALL 15'-4" PMMP S/L	-	-	-	-	0.04%	$956.65	$1,944.94	-$988.29	1/1/2005	12/31/2005	12/13/2004	9/19/2005	INSTALLED 4 IN. PMP S/L.
05026119500	INSTALL 1260' - 8" PMMP	-	-	-	-	1.43%	$35,484.68	$34,364.77	$1,119.91	1/1/2005	12/31/2005	5/26/2005	9/21/2005	MADE TAPS FOR THIS JOB.
05026132900	INSTALL 171' OF 1 1/4" PM	-	-	-	-	0.12%	$3,085.54	$3,253.60	-$168.06	1/1/2005	12/31/2005	9/2/2005	9/21/2005	TWALKER/KY-DUE TO WMS UPDATE LOC NUMBER CHANGED FROM 2627 TO 2629.
05026135000	REPLACE MAIN - LEAKAGE	-	-	-	-	0.96%	$23,654.72	$17,682.26	$5,972.46	1/1/2005	12/31/2005	9/16/2005	9/23/2005	PAVING HAS NOT BEEN COMPLETED AND INVOICED 11-02-05.
05026133100	INSTALL 150'/2" PMMP	-	-	-	-	0.11%	$2,825.76	$2,143.10	$682.66	1/1/2005	12/31/2005	9/6/2005	9/26/2005	INSTALLED 150FT./ 2IN. PMMP
04026999600	INSTALL 60' - 4" PMMP	-	-	-	-	0.26%	$6,372.45	$4,340.87	$2,031.58	1/1/2005	12/31/2005	12/13/2004	10/4/2005	INSTALLED 60 FT. OF PMP MAIN.
05026111200	INSTALL 588' OF 2"PMMP	-	-	-	-	0.85%	$21,075.31	$19,325.66	$1,749.65	1/1/2005	12/31/2005	4/6/2005	10/12/2005	TWALKER/CKY 12-12-05: THE FOLLOWING PSID WERE CHANGED TO MP ON THIS UPRATE
05026105800	INSTALL 1240'-4"& 1240'-2"PMP	-	-	-	-	2.51%	$62,122.21	$44,249.30	$17,872.91	1/1/2005	12/31/2005	2/3/2005	10/13/2005	TWALKER/KY-10-25-05: HIGHER COST DUE TO ROCK ONSITE AND NEED FOR EXTRA
05026125000	INSTALL 425' 2" PMMP	-	-	-	-	0.25%	$6,220.90	$3,072.89	$3,148.01	1/1/2005	12/31/2005	6/30/2005	10/13/2005	TWALKER/CKY-10-31-05: JOB COST OVER RAN DUE TO FOOTAGE LESS THAN 400' AND
04026960300	INSTALL FENCE REG STA 1211	-	-	-	-	0.02%	$603.46	$547.52	$55.94	1/1/2005	12/31/2005	3/1/2004	10/15/2005	INVOICE FOR FENCE WAS PAID WITH PAPER INVOICE NOT THUR WMS PER ZANE SALYERS
04026983800	INSTALL FENCE	-	-	-	-	0.07%	$1,800.86	$1,587.69	$213.17	1/1/2005	12/31/2005	7/19/2004	10/15/2005	INVOICE FOR RIO GRANDE FENCE WAS PAID ON PAPER INVOICE NOT THRU WMS PER
05026106400	RELOCATE 276 OF 4"PMMP	-	-	-	-	0.42%	$10,289.48	$7,708.13	$2,581.35	1/1/2005	12/31/2005	2/9/2005	10/17/2005	TWALKER/KY 07-20-06: JOB OVER RAN DUE TO GREATER LAND SERVICE COSTS TRANSFE
05026121700	INST.FLOW AUTOMATION 202 MODEM	-	-	-	-	0.00%	$11.37	$1,261.00	-$1,249.63	1/1/2005	12/31/2005	6/13/2005	10/17/2005	REASON FOR UNDERRUN: NOT ALL CHARGES HAVE HIT JOB ORDER.
05026121900	INST.FLOW AUTOMATION 202 MODEM	-	-	-	-	0.00%	$11.37	$1,261.00	-$1,249.63	1/1/2005	12/31/2005	6/13/2005	10/17/2005	REASON FOR UNDERRUN: NOT ALL CHARGES HAVE HIT JOB ORDER.
05026122100	INST.FLOW AUTOMATION 202 MODEM	-	-	-	-	0.00%	$11.37	$1,261.00	-$1,249.63	1/1/2005	12/31/2005	6/13/2005	10/17/2005	REASON FOR UNDERRUN: NOT ALL CHARGES HAVE HIT JOB ORDER.
05026120700	RTU- INSTALL 80AH BATTERY BANK	-	-	-	-	0.04%	$1,108.10	$841.00	$267.10	1/1/2005	12/31/2005	6/6/2005	10/18/2005	PER BILL WESTLING: THE OVER RUN WAS DUE TO ADDITIONAL
05026120900	RTU- INSTALL 80AH BATTERY BANK	-	-	-	-	0.04%	$1,108.09	$841.00	$267.09	1/1/2005	12/31/2005	6/6/2005	10/18/2005	PER BILL WESTLING: THE OVER RUN WAS DUE TO ADDITIONAL
05026128100	INSTALL 435'-2"PMMP	-	-	-	-	0.39%	$9,701.58	$4,406.09	$5,295.49	1/1/2005	12/31/2005	7/25/2005	10/24/2005	TWALKER/CKY-10-31-05: THE JOB WAS PLANNED ON THE OVER 400' FISHEL CONTRACT
05026138500	REPLACE EFC	-	-	-	-	0.20%	$4,912.35	$3,440.40	$1,471.95	1/1/2005	12/31/2005	10/6/2005	10/24/2005	COMPLETTION REPORT--NO SKETCH.ZS
05026138000	INSTALL 5'OF 6"PM INSULATOR	-	-	-	-	0.21%	$5,086.92	$3,918.69	$1,168.23	1/1/2005	12/31/2005	10/6/2005	10/24/2005	6" BOLTED COUPLINGS SSN 21-69-049 ORDERED ON MATERIAL JO # 05-6289989-00
05026130800	INSTALL 295' OF PMMP	-	-	-	-	0.11%	$2,645.45	$5,055.69	-$2,410.24	1/1/2005	12/31/2005	8/11/2005	10/27/2005	TWALKER/KY-10-31-05: JOB UNDER RAN DUE TO LOWER CONTRACT LABOR EXPENSE THA
08026285400	INSTALL CATALYTIC HEATER	-	-	-	-	0.07%	$1,735.36	$305.61	$1,429.75	1/1/2005	12/31/2005	12/15/2008	10/27/2005	COMPLETION
05026132400	RELOCATE 40'-2"/190'-4"MAIN	-	-	-	-	0.96%	$23,641.68	$22,536.48	$1,105.20	1/1/2005	12/31/2005	8/26/2005	10/28/2005	PS&I JOB ORDER 04-0269749-00 OUTSDIE LABOR COST OF $ 7198.00
05026130200	INSTALL 640'/16"WTHP & 4" PMIP	-	-	-	-	4.98%	$123,278.90	$121,205.12	$2,073.78	1/1/2005	12/31/2005	8/8/2005	10/31/2005	INSTALLED 565 FT. OF 4 IN. PIP MAIN AND 571 FT. OF 16 IN. ST.HP MAIN.
05026138900	INSTALL 200' OF 2" PM	-	-	-	-	0.15%	$3,626.79	$4,135.69	-$508.90	1/1/2005	12/31/2005	10/7/2005	11/4/2005	TWALKER/KY-APPLIED FOR CITY PERMIT ON 10-25-05 CONFIRM NUMBER 7806.
05026127501	REPLACE W/825'-6"PM & 34'-8"PM	-	-	-	-	3.42%	$84,599.46	$79,850.53	$4,748.93	1/1/2005	12/31/2005	8/4/2005	11/4/2005	JOB ORDER WAS ESTIMATED FOR CONTRACTORS TO DO WORK. COMPANY EMPLOYEES
05026123200	INST. TRANSMITTER - MAVITY	-	-	-	-	0.16%	$3,988.45	$5,422.29	-$1,433.84	1/1/2005	12/31/2005	6/17/2005	11/10/2005	TWALKER/KY 03-05-07: NO SKETCH FOR COMPLETION REPORT.
05026131700	INSTALL 200' - 2" PMIP	-	-	-	-	0.26%	$6,321.93	$3,308.19	$3,013.74	1/1/2005	12/31/2005	8/17/2005	11/11/2005	OVERRUN DUE TO INCREASED FOOTAGE. END OF EXISTING MAIN NOT WHERE
05026137200	INSTALL 100'/2" PM	-	-	-	-	0.25%	$6,097.63	$2,670.06	$3,427.57	1/1/2005	12/31/2005	10/3/2005	11/14/2005	INSTALLED 50 FT. OF 4 IN. AND 78 FT. OF 2 IN. OF PLP MAIN.
05026131300	RELOCATE 150'-8"WTHP	-	-	-	-	0.44%	$10,962.66	$19,127.72	-$8,165.06	1/1/2005	12/31/2005	8/15/2005	11/16/2005	TWALKER/CKY 11-18-05-THE TWO 8" SPH AND 8" ELL'S CAME FROM PROPANE PLANT
05026135300	INSTALL 336' OF NEW WTHP MAIN	-	-	-	-	0.77%	$19,176.00	$25,057.91	-$5,881.91	1/1/2005	12/31/2005	9/19/2005	11/16/2005	TWALKER/KY 07-20-06: JOB SHOWS $6676 CREDIT FOR STEEL PIPE AND SPH THAT WER
05026136400	INSTALL 150' - 2" PMMP	-	-	-	-	0.29%	$7,290.89	$2,867.06	$4,423.83	1/1/2005	12/31/2005	9/27/2005	11/17/2005	INSTALLED 200 FT. OF PMP MAIN.
04026991300	INSTALL APPROX. 1230'/2" PMMP	-	-	-	-	0.35%	$8,776.57	$11,828.99	-$3,052.42	1/1/2005	12/31/2005	10/5/2004	11/18/2005	TWALKER/CKY-JOB UNDERRAN DUE TO NO ROCK ONSITE WHICH RESULTED IN LOWER CONT
05026141600	INSTALL 3" PL SERVICE LINE	-	-	-	-	0.27%	$6,780.28	$4,017.19	$2,763.09	1/1/2005	12/31/2005	10/28/2005	11/18/2005	COMPLETED BY JEFF SWEARINGEN
05026138800	INSTALL 184'-2"PMMP	-	-	-	-	0.17%	$4,323.87	$5,308.93	-$985.06	1/1/2005	12/31/2005	10/7/2005	11/21/2005	JOB FINISHED AND WORK ORDER POUCH COMPLETED AND GIVEN TO GREG HATTON.
05026108700	INSTALL 1942' OF 2"PMMP	-	-	-	-	0.56%	$13,745.54	$14,551.59	-$806.05	1/1/2005	12/31/2005	3/14/2005	11/23/2005	GAS ON 5-17-05 IN PHASE #1.
05026141900	INSTALL 80'-2"PMMP MAIN	-	-	-	-	0.07%	$1,797.77	$1,409.26	$388.51	1/1/2005	12/31/2005	11/1/2005	12/1/2005	JOB ORDER COMPLETED AND POUCHED FILLED OUT AND TURNED IN TO GREG,

05026147200	INSTALL EFC	-	-	-	-	0.11%	$2,791.39	$3,436.39	-$645.00	1/1/2005	12/31/2005	12/7/2005	12/7/2005	COMPLETION REPORT--SKETCH NOT REQUIRED. ZS
05026140200	INSTALL INSULATOR - KDMC	-	-	-	-	0.42%	$10,277.62	$2,581.03	$7,696.59	1/1/2005	12/31/2005	10/17/2005	12/9/2005	INSTALLED 6 IN. INSULATOR IN BURIED H/L.
05026139500	INSTALL 240'-2"PMMP	-	-	-	-	0.26%	$6,437.83	$5,255.31	$1,182.52	1/1/2005	12/31/2005	10/13/2005	12/12/2005	KBOTKINS-8 HRS PAID FOR CONTRACT CREW WAS DUE TO DEPTH OF MAIN AND
04026974600	INSTALL 1025'-2"PMP MAIN	-	-	-	-	0.54%	$13,445.31	$11,006.37	$2,438.94	1/1/2005	12/31/2005	5/28/2004	12/13/2005	EXTENDED 2" PMP MAIN 109 FEETTO THE END OF THE EXISTING CURB AND PAVEMENT
05026115000	INSERT 12" W/2" PLASTIC	-	-	-	-	0.79%	$19,465.78	$11,503.89	$7,961.89	1/1/2005	12/31/2005	5/3/2005	12/13/2005	TWALKER/CKY 12-22-05: JOB OVER RAN DUE TO HIGHER CONTRACT LABOR COST, JOB W
05026120200	REPLACE 30' OF 4" MJ	-	-	-	-	0.15%	$3,699.23	$4,844.21	-$1,144.98	1/1/2005	12/31/2005	6/1/2005	12/14/2005	INSTALLED 26 FT OF 4 INCH PLASTIC MAIN TO RELACE LEAKING 4 INCH STEEL SECTI
05026130600	REPLACE TOPWORKS	-	-	-	-	0.66%	$16,268.50	$12,117.23	$4,151.27	1/1/2005	12/31/2005	8/11/2005	12/14/2005	REPLACED TOPWORKS IN HP RUN
05026129300	INSTALL PRESSURE CONTROLLERS	-	-	-	-	0.71%	$17,596.22	$20,335.57	-$2,739.35	1/1/2005	12/31/2005	7/29/2005	12/15/2005	OVERRUN DUE TO SEGA COSTS BEING INCLUDED IN ORIGINAL ESTIMATE IN ERROR.
05026129800	REPLACE 2" W/4" GAS MAIN	-	-	-	-	1.80%	$44,434.44	$29,889.24	$14,545.20	1/1/2005	12/31/2005	8/3/2005	12/16/2005	TWALKER/CKY 12-28-05: JOB OVER RAN DUE TO CREWS HITTING ROCK, HAD TO REMOVE
05026128400	REPLACE MAIN - LEAKAGE	-	-	-	-	0.63%	$15,662.81	$9,476.62	$6,186.19	1/1/2005	12/31/2005	7/26/2005	12/20/2005	TWALKER/CKY 12-21-05: JOB OVER RAN DUE TO MP MAIN WAS RUNNING THRU A SECTIO
05026126500	INSTALL 650'-6"PMLP/4'-10"WTLP	-	-	-	-	3.68%	$90,973.15	$55,711.27	$35,261.88	1/1/2005	12/31/2005	7/12/2005	12/20/2005	TWALKER/CKY 12-30-05: JOB UNDER RAN DUE TO LESS SIDEWALK/CURB REPAIRED/REPL
05026141500	INSTALL 275'/4"PMLP	-	-	-	-	0.56%	$13,815.44	$6,203.66	$7,611.78	1/1/2005	12/31/2005	10/26/2005	12/22/2005	INSTALLED 290 FT. OF 4 IN. PLP MAIN.
05026149100	INSTALL 70' - 3" PL	-	-	-	-	0.16%	$3,887.53	$3,500.37	$387.16	1/1/2005	12/31/2005	12/21/2005	12/27/2005	OVER RUN DUE TO DIRECTION BORE OF MAIN RATHER THAN OPEN CUT.
05026132000	INSTALL 6355'-4"&6" PMMP	-	-	-	-	3.29%	$81,322.10	$96,534.87	-$15,212.77	1/1/2005	12/31/2005	8/19/2005	12/29/2005	TWALKER/KY 07-20-06: JOB UNDER RAN DUE TO THE CHANGE IN SEGA RATES.
							2005 Construction Project Budget	**$2,475,077.02**						TWALKER/CKY 1-16-06: JOB UNDER RAN DUE TO NO ROCK ENCOUNTERED AS PLANNED
05026125900	INSTALL 2510' 2"PMMP	-	-	-	-	0.52%	$32,334.44	$24,962.17	$7,372.27	1/1/2006	12/31/2006	7/6/2005	1/9/2006	INSTALLED 1760 FT.OF 2 IN. PMP MAIN AND 2 FT. OF ST. MP MAIN.
05026141700	INSTALL 1680' - 2" PMMP	-	-	-	-	0.75%	$46,911.83	$60,238.55	-$13,326.72	1/1/2006	12/31/2006	10/31/2005	1/10/2006	TWALKER/CKY 1-16-06: THE 4" CASING THAT WAS USED ON THIS JOB WAS THE OLD
05026146600	INSERT 510'-3"PMMP	-	-	-	-	0.20%	$12,477.73	$7,939.61	$4,538.12	1/1/2006	12/31/2006	12/2/2005	1/10/2006	TWALKER/KY 07-20-06: JOB OVER RAN BECAUSE JOB WAS PLANNED BASED ON 2 INCH
05026146900	INSTALL 1350' OF 4" PMMP	-	-	-	-	0.39%	$24,244.72	$16,526.22	$7,718.50	1/1/2006	12/31/2006	12/6/2005	1/13/2006	TWALKER/KY 1-23-06: JOB OVER RAN DUE TO CREEK CROSSING WHICH REQUIRED MORE
04026994900	INSTALL 660'-8"PMP MAIN	-	-	-	-	0.90%	$55,792.77	$34,386.47	$21,406.30	1/1/2006	12/31/2006	10/25/2004	1/17/2006	JOB COSTS OVER RAN DUE TO ROCK EXCAVATION AND HAD TO SWITCH SIDES OF THE
05026123000	INSTALL 1612' 2" PMMP	-	-	-	-	0.35%	$21,852.46	$15,346.26	$6,506.20	1/1/2006	12/31/2006	6/16/2005	1/18/2006	REPLACED GROUND BED
05026137000	REPLACE DEPLETED GROUND BED	-	-	-	-	0.18%	$11,148.80	$9,183.29	$1,965.51	1/1/2006	12/31/2006	10/3/2005	1/19/2006	REPLACED GROUND BED
05026142100	REPLACE GROUNDBED	-	-	-	-	0.05%	$3,136.41	$8,729.67	-$5,593.26	1/1/2006	12/31/2006	11/4/2005	1/19/2006	TWALKER/KY-JOB OVER RAN DUE TO DIRECTIONAL BORE REQUIRED WHICH WAS NOT PLAN
05026136001	INSTALL 570'-2"PMMP	-	-	-	-	0.19%	$11,944.50	$7,104.23	$4,840.27	1/1/2006	12/31/2006	1/16/2006	1/20/2006	USED PRETESTED PIPE 05631517100 SOAP TESTED TIE-INS 1-19-2006 SPRICE
06026149800	REPLACE MAIN - LEAKAGE	-	-	-	-	0.03%	$2,059.57	$2,297.72	-$238.15	1/1/2006	12/31/2006	1/3/2006	1/20/2006	LAYED 1792 FOOT OF NEW 2" PLASTIC.
05026142601	INSTALL 1960' OF 2"PMMP	-	-	-	-	0.15%	$9,169.93	$17,474.13	-$8,304.20	1/1/2006	12/31/2006	1/16/2006	1/23/2006	TWALKER/KY 01-31-06: JOB WAS PLANNED FOR CONTRACT CREW-FISHEL BUT ALL WORK
05026136700	INSTALL 15'-2"PMMP	-	-	-	-	0.16%	$10,253.64	$5,251.56	$5,002.08	1/1/2006	12/31/2006	9/30/2005	1/27/2006	JOB COMPLETED, GAVE WIPE SAMPLE TO G HATTON.
05026145000	RELOCATE 233'-6"PMMP/1'WT	-	-	-	-	0.45%	$28,011.82	$33,976.75	-$5,964.93	1/1/2006	12/31/2006	11/17/2005	1/30/2006	TWALKER/KY 06-09-06: JOB EXECUTE WAS DELAYED DUE TO RICHMOND ROAD UPRATE
05026116601	INSTALL 2830'-2"PMMP	-	-	-	-	0.30%	$18,485.97	$17,325.64	$1,160.33	1/1/2006	12/31/2006	12/5/2005	2/2/2006	COMPLETED MAIN INSTALLATION AND PUT TEST ON, WITH AN OVERNIGHT CHART. WILL
04026982501	INSTALL 2685' OF 2" PMMP MAIN	-	-	-	-	0.19%	$11,869.91	$20,927.45	-$9,057.54	1/1/2006	12/31/2006	12/1/2005	2/3/2006	JOB OVER RAN DUE TO ROCK AND NECESSARY PADDING FOR DITCH. KBOTKINS
05026128000	INSTALL 558'-4"PM MAIN	-	-	-	-	0.27%	$17,084.57	$10,895.31	$6,189.26	1/1/2006	12/31/2006	7/25/2005	2/7/2006	NO SKETCH REQUIRED. ZS
06026154000	INSTALL EFC	-	-	-	-	0.05%	$3,058.22	$279.83	$2,778.39	1/1/2006	12/31/2006	2/9/2006	2/9/2006	SKETCH NOT REQUIRED. ZS
05026118300	INSTALL EFC	-	-	-	-	0.04%	$2,585.51	$3,047.70	-$462.19	1/1/2006	12/31/2006	5/20/2005	2/10/2006	COMPLETION REPORT. NO SKETCH REQUIRED.
04026984000	INSTALL FENCE	-	-	-	-	0.08%	$5,069.51	$5,677.11	-$607.60	1/1/2006	12/31/2006	7/19/2004	2/11/2006	BUILDING TORE DOWN
05026128801	INSTALL NEW FENCE REG 1229	-	-	-	-	0.04%	$2,283.41	$2,355.43	-$72.02	1/1/2006	12/31/2006	10/20/2005	2/11/2006	TWALKER/KY 07-20-06: JOB OVER RAN DUE TO HIGHER SEGA RATES AND PROJECT

05026117100	RELOCATE EXSITING MAIN - UK	-	-	-	-	0.48%	$29,694.37	$19,576.09	$10,118.28	1/1/2006	12/31/2006	5/16/2005	2/13/2006	TWALKER/KY 06-09-06: JOB COST MORE THAN ESTIMATED DUE TO CHANGE IN FISHEL C
06026151900	INSTALL 2650'-2"&4"PMMP	-	-	-	-	0.63%	$39,261.58	$27,027.15	$12,234.43	1/1/2006	12/31/2006	1/23/2006	2/20/2006	INSTALLED 240 FT. OF 2 IN. PIP MAIN.
05026141000	INSTALL 235'/2"PMIP	-	-	-	-	0.05%	$2,976.70	$4,320.06	-$1,343.36	1/1/2006	12/31/2006	10/21/2005	2/21/2006	INSTALLED 247 FT. OF 2 IN. PIP MAIN.
05026143100	INSTALL 220' - 2" PMIP	-	-	-	-	0.06%	$3,472.31	$2,799.08	$673.23	1/1/2006	12/31/2006	11/11/2005	2/23/2006	NONE, ORDER COMPLETE
05026145700	INSTALL 90' OF 3"PM	-	-	-	-	0.09%	$5,906.62	$3,276.40	$2,630.22	1/1/2006	12/31/2006	11/22/2005	2/23/2006	MUST COMPLETE TIE IN AND TESTING OF MAIN.
05026143400	INSTALL 130'2"PMMP	-	-	-	-	0.06%	$3,992.31	$4,079.40	-$87.09	1/1/2006	12/31/2006	11/11/2005	2/28/2006	LEAK ON DPIB611297 WAS MADE SAFE ON 2-17-06 BY INSTALLING 4" FULL SEAL
06026155700	INSERT 612'-3"PMMP	-	-	-	-	0.11%	$6,675.12	$7,695.84	-$1,020.72	1/1/2006	12/31/2006	2/22/2006	3/10/2006	COMPLETED MAIN EXTENSION AND THERE IS GAS ON THE MAIN, BUT THE SERVICE LINE
05026140800	INSTALL 540' OF 2"PMMP	-	-	-	-	0.12%	$7,768.91	$4,674.93	$3,093.98	1/1/2006	12/31/2006	10/19/2005	3/20/2006	INSTALLED 900 FT. OF 4 IN PLP AND 4 FT. OF 4 IN LP STEEL.
06026155300	INSTALL 525' - 4" PM	-	-	-	-	0.43%	$26,683.28	$17,849.31	$8,833.97	1/1/2006	12/31/2006	2/21/2006	3/20/2006	TWALKER/KY 03-28-06: JOB OVER RAN DUE TO CHANGE IN FISHEL CONTRACT (COST
06026151700	REPLACE MAIN - LEAKAGE	-	-	-	-	1.51%	$94,101.75	$45,343.15	$48,758.60	1/1/2006	12/31/2006	1/20/2006	3/23/2006	TWALKER/KY-JOB WAS REQUIRED DUE TO 04-0269581-00 TO RETIRE 3" STEEL SERVICE
06026158100	INSTALL 5' OF 4" PM	-	-	-	-	0.03%	$1,670.21	$3,288.45	-$1,618.24	1/1/2006	12/31/2006	3/24/2006	3/23/2006	COMPLETION REPORT - NO SKETCH REQUIRED
05026136100	INSTALL CHAINLINK FENCE/CLEAR	-	-	-	-	0.16%	$9,648.68	$10,252.16	-$603.48	1/1/2006	12/31/2006	9/26/2005	4/3/2006	INSTALL FOOTAGE: 440' - 4" PL
06026155000	INSTALL 433' - 4" PMIP	-	-	-	-	0.32%	$19,991.31	$13,122.26	$6,869.05	1/1/2006	12/31/2006	2/20/2006	4/8/2006	JOB OVER RUN DUE TO NEW CONTRACT PRICES, ORIGINAL WAS ESTIMATED ON OLD
05026147400	INSTALL 450' OF 2" PMMP	-	-	-	-	0.11%	$6,708.72	$3,542.66	$3,166.06	1/1/2006	12/31/2006	12/7/2005	4/17/2006	JOB WAS NOT INSERTED, PLEASE CHANGE ALL HOUSES OVER TO NEW M.P. SYSTEM NUMB
05026138600	REPLACE MAIN - LEAKAGE	-	-	-	-	0.53%	$32,734.12	$28,552.03	$4,182.09	1/1/2006	12/31/2006	10/7/2005	4/18/2006	THIS JOB WAS INSERTED INSTEAD OF DIGGING ALL THE WAY THRU SIDEWALK.
06026157400	REPLACE MAIN - LEAKAGE	-	-	-	-	0.42%	$25,935.57	$35,296.76	-$9,361.19	1/1/2006	12/31/2006	3/21/2006	4/18/2006	NO CENTER LINE MEASUREMENTS, MAIN IN FIELD.
05026114600	INSTALL 455'/4" PMIP MAIN	-	-	-	-	0.35%	$21,636.31	$13,369.31	$8,267.00	1/1/2006	12/31/2006	4/29/2005	4/26/2006	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
06026164600	INSTALL EFC	-	-	-	-	0.10%	$6,252.10	$3,663.21	$2,588.89	1/1/2006	12/31/2006	5/2/2006	5/9/2006	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
06026166500	INSTALL EFC	-	-	-	-	0.00%	$61.56	$3,663.21	-$3,601.65	1/1/2006	12/31/2006	5/8/2006	5/10/2006	COMPLETED JOB, AND ALL PAPERWORK.
06026156500	INSTALL 450' OF 2" PMMP	-	-	-	-	0.10%	$6,468.00	$4,848.04	$1,619.96	1/1/2006	12/31/2006	3/3/2006	5/16/2006	JOB COMPLETED AND PAPERWORK FINISHED.
06026157800	INSTALL 1055' OF 2" PMMP	-	-	-	-	0.45%	$28,254.79	$13,180.84	$15,073.95	1/1/2006	12/31/2006	3/22/2006	5/16/2006	JOB OVER RUN DUE TO CHANGE IN CONTRACT PRICES ON NEW CONTRACT AND ALSO
06026150100	INSTALL 1045'-2"PMIP	-	-	-	-	0.31%	$19,381.98	$10,262.63	$9,119.35	1/1/2006	12/31/2006	1/4/2006	5/22/2006	TWALKER/KY 05-25-06: JOB UNDER RAN DUE TO NO ROCK ONSITE AS PLANNED WHICH
06026156100	INSTALL 2600'-2"PMMP	-	-	-	-	0.38%	$23,864.84	$30,838.68	-$6,973.84	1/1/2006	12/31/2006	2/24/2006	5/22/2006	INSTALLED ON 05-19 -06 THIS IS A MERCURY 904 31 DAY GAUGE S/N 0517222
05026130400	INSTALL DUAL RECORDING GAUGE	-	-	-	-	0.09%	$5,570.93	$2,497.58	$3,073.35	1/1/2006	12/31/2006	8/10/2005	5/23/2006	WORK CO. ON 05-19-06 MERCURY 905 GAUGE WITH 31 DAY CHART 1850
05026130500	INSTALL NEW RECORDING GAUGE	-	-	-	-	0.04%	$2,384.02	$3,181.64	-$797.62	1/1/2006	12/31/2006	8/11/2005	5/23/2006	JOB UNDER RAN BECAUSE THERE WAS PAVEMENT RESTORATION COSTS ESTIMATED
06026164900	INSTALL 140'-2"PMMP	-	-	-	-	0.06%	$3,554.85	$4,726.72	-$1,171.87	1/1/2006	12/31/2006	5/4/2006	5/24/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 7/31/06
06026159600	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.01%	$864.67	$926.00	-$61.33	1/1/2006	12/31/2006	4/3/2006	5/31/2006	COMPLETION REPORT NO SKETCH REQUIRED
06026169900	REPL 3 TRANSM/1-RTU INPUT CARD	-	-	-	-	0.08%	$5,114.46	$4,884.00	$230.46	1/1/2006	12/31/2006	6/7/2006	6/1/2006	INSTALLED 100 FT. OF 2 IN. PLP MAIN.
06026158500	INSTALL 100'/2" PL LP MAIN	-	-	-	-	0.03%	$1,695.50	$1,556.05	$139.45	1/1/2006	12/31/2006	3/27/2006	6/5/2006	INSTALL FOOTAGE: 664' - 2" PL
05026147700	INSTALL 650'-2"PMMP MAIN	-	-	-	-	0.27%	$16,518.17	$20,547.39	-$4,029.22	1/1/2006	12/31/2006	12/12/2005	6/14/2006	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
06026170600	INSTALL EFC	-	-	-	-	0.01%	$342.32	$3,663.21	-$3,320.89	1/1/2006	12/31/2006	6/13/2006	6/14/2006	INSTALLED 2610 FT. OF 4 IN. PMP MAIN.
05026147500	INSTALL 2725'-4"P & 480'-2"P	-	-	-	-	1.92%	$119,443.80	$125,565.56	-$6,121.76	1/1/2006	12/31/2006	12/10/2005	6/19/2006	JOB OVER RAN BECAUSE FISHEL WAS PAID 4 HRS CREW TIME WHEN MAIN COULD NOT
06026164800	INSTALL 335'-2"PMMP	-	-	-	-	0.14%	$8,590.67	$7,038.07	$1,552.60	1/1/2006	12/31/2006	5/3/2006	6/21/2006	INSTALLED 5 FT. OF 4 IN. PLP AND 70 FT. OF 2 IN. PLP MAIN.
06026168600	INSTALL 5'-4" PM & 65' - 2" PM	-	-	-	-	0.06%	$3,658.45	$2,750.82	$907.63	1/1/2006	12/31/2006	5/30/2006	6/21/2006	JOB COMPLETED
05026140700	INSTALL 730'-2"PMMP	-	-	-	-	0.15%	$9,149.86	$9,394.86	-$245.00	1/1/2006	12/31/2006	10/18/2005	6/28/2006	TWALKER/KY 07-10-06: JOB OVER RAN DUE TO STREET BORE REQUIRED WHICH NOT EST
06026169100	INSTALL 40' OF 3" SERVICE LINE	-	-	-	-	0.07%	$4,609.47	$2,545.72	$2,063.75	1/1/2006	12/31/2006	6/1/2006	6/29/2006	TWALKER/KY 07-10-06: JOB OVERAN DUE TO ROCK ENCOUNTERED WHICH RESULTED IN
06026152300	INSTALL 60' OF 2" PMMP	-	-	-	-	0.12%	$7,672.27	$1,651.04	$6,021.23	1/1/2006	12/31/2006	1/26/2006	7/7/2006	TWALKER/KY 07-14-06: JOB WAS PLANNED AS TWO SEPERATE INSTALL PROJECT WHICH
05026142300	INSTALL 635' OF 4" PMMP	-	-	-	-	0.45%	$27,833.05	$16,939.57	$10,893.48	1/1/2006	12/31/2006	11/7/2005	7/11/2006	REPLACED 30' OF 3" S MAIN

06026174800	REPLACE MAIN - LEAKAGE	-	-	-	-	0.11%	$6,624.90	$5,751.66	$873.24	1/1/2006	12/31/2006	7/17/2006	7/19/2006	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
06026154600	INSTALL RECORDING GAUGE	-	-	-	-	0.04%	$2,671.03	$2,278.05	$392.98	1/1/2006	12/31/2006	2/16/2006	7/21/2006	TWALKER/KY 07-31-06: JOB OVER RAN DUE TO RAIN DAYS BEING CHARGED TO JOB
06026154500	INSTALL 8" INSULATOR WITH T/S	-	-	-	-	0.27%	$16,894.22	$11,159.99	$5,734.23	1/1/2006	12/31/2006	2/9/2006	7/21/2006	TWALKER/KY 09-12-06: PROJECT OVERAN DUE TO HIGHER LABOR COST, WE HAD TO
06026164400	NEW DISTRICT REG STATION #1856	-	-	-	-	0.14%	$8,452.76	$5,981.05	$2,471.71	1/1/2006	12/31/2006	4/28/2006	7/27/2006	JOB ORDER OVER RAN DUE TO ORIGINAL ESTIMATE DONE ON OLD CONTRACT COSTS.
06026150400	INSTALL 800'-2"PMMP	-	-	-	-	0.15%	$9,111.02	$7,178.64	$1,932.38	1/1/2006	12/31/2006	1/9/2006	8/1/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026158800	INSTALL 2- 80AH RTU BATTERIES	-	-	-	-	0.01%	$607.04	$976.00	-$368.96	1/1/2006	12/31/2006	3/31/2006	8/1/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026159000	INSTALL 2- 80AH RTU BATTERIES	-	-	-	-	0.02%	$1,055.43	$976.00	$79.43	1/1/2006	12/31/2006	4/3/2006	8/1/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026159800	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$951.85	$926.00	$25.85	1/1/2006	12/31/2006	4/3/2006	8/1/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026160000	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$946.55	$926.00	$20.55	1/1/2006	12/31/2006	4/3/2006	8/1/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026160600	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$946.55	$926.00	$20.55	1/1/2006	12/31/2006	4/3/2006	8/1/2006	INSTALLED 60 FT. OF 2 IN. PLP MAIN.
06026173900	INSTALL 100'/2" PM	-	-	-	-	0.02%	$1,242.02	$1,932.19	-$690.17	1/1/2006	12/31/2006	7/13/2006	8/2/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026160800	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$939.99	$926.00	$13.99	1/1/2006	12/31/2006	4/3/2006	8/2/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026161000	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$946.55	$926.00	$20.55	1/1/2006	12/31/2006	4/3/2006	8/2/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026161200	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.01%	$585.55	$926.00	-$340.45	1/1/2006	12/31/2006	4/3/2006	8/2/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026161400	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$940.00	$926.00	$14.00	1/1/2006	12/31/2006	4/3/2006	8/2/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED AS OF 10/5/06
06026161600	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$940.39	$926.00	$14.39	1/1/2006	12/31/2006	4/3/2006	8/2/2006	OVER-RUN DUE TO INCREASED LABOR HOURS FOR OPEN CUT / REPAIR OF STREETS
06026168300	INSTALL 350' - 2" PM	-	-	-	-	0.23%	$14,608.08	$6,180.85	$8,427.23	1/1/2006	12/31/2006	5/24/2006	8/7/2006	TWALKER/KY 08-21-06: JOB COST WILL BE HIGHER DUE TO PROJECT BEING PLANNED
04026962700	INSTALL 280'-2"PMP MAIN	-	-	-	-	0.12%	$7,314.10	$2,126.97	$5,187.13	1/1/2006	12/31/2006	3/17/2004	8/21/2006	JOB OVER RUN DUE TO NEW CONTRACT SINCE JOB WAS ESTIMATED AND JOB TOOK
05026146700	INSTALL 3"PSER	-	-	-	-	0.11%	$6,724.13	$5,471.71	$1,252.42	1/1/2006	12/31/2006	12/5/2005	8/21/2006	INSTALLED WELD INSULATOR IN PLACE OF GV C-50.FILLED OUT CAPITAL JO POUCH
06026154400	INSTALL 8" INSULATOR & T/S	-	-	-	-	0.16%	$9,753.00	$10,199.72	-$446.72	1/1/2006	12/31/2006	2/9/2006	8/21/2006	REPLACED 28' OF 4" STEEL WITH 4" PLASTIC PIPE
06026177800	REPLACE MAIN - LEAKAGE	-	-	-	-	0.12%	$7,538.12	$7,965.82	-$427.70	1/1/2006	12/31/2006	8/15/2006	8/22/2006	TWALKER/KY 08-30-06: JOB WAS PLANNED ON THE 2005 FISHEL CONTRACT BUT PAID
05026145400	RELOCATE 8" PM MAIN	-	-	-	-	0.26%	$16,212.57	$10,947.40	$5,265.17	1/1/2006	12/31/2006	11/21/2005	8/23/2006	TWALKER/KY 09-13-06: PROJECT COST CHANGED BECAUSE THE JOB WAS PLANNED TO
06026162500	INSTALL 2265' OF 2" WT/PM MAIN	-	-	-	-	0.90%	$56,074.46	$30,949.29	$25,125.17	1/1/2006	12/31/2006	4/13/2006	8/30/2006	KBOTKINS-9-29-06. PROJECT WAS PLANNED AS A MINIMUN SPEND EMERGENCY
06026171900	REP HP MAIN/VALVE RR CROSSING	-	-	-	-	0.72%	$44,848.65	$52,731.27	-$7,882.62	1/1/2006	12/31/2006	6/28/2006	8/31/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED BY 10/31/06
06026159200	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$940.29	$926.00	$14.29	1/1/2006	12/31/2006	4/3/2006	8/31/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED BY 10/31/06
06026159400	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$940.57	$926.00	$14.57	1/1/2006	12/31/2006	4/3/2006	8/31/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED BY 10/31/06
06026160200	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$940.43	$926.00	$14.43	1/1/2006	12/31/2006	4/3/2006	8/31/2006	CURRENT UNDERRUN DUE TO ALL LABOR & MATERIAL COSTS NOT BOOKED BY 10/31/06
06026160400	INSTALL 2- 36AH RTU BATTERIES	-	-	-	-	0.02%	$940.43	$926.00	$14.43	1/1/2006	12/31/2006	4/3/2006	8/31/2006	COMPLETED A 90' 2"PMP MAIN EXTENSION, WHICH WAS INSTALLED AND IN SERVICE ON
06026178600	INSTALL 90'-2"PMMP	-	-	-	-	0.03%	$1,938.03	$2,231.43	-$293.40	1/1/2006	12/31/2006	8/18/2006	9/11/2006	TWALKER/KY 09-20-06: PROJECT OVER RAN DUE TO MORE ROCK ONSITE THAN PLANNED
05026149000	INSTALL 1205'-4"PM/4000'-2"PM	-	-	-	-	1.24%	$76,994.64	$67,404.86	$9,589.78	1/1/2006	12/31/2006	12/20/2005	9/12/2006	INSERTED 3" PLA THRU 4 " CAST IRON MAIN.
05026143500	REPLACE MAIN - LEAKAGE	-	-	-	-	0.21%	$13,040.22	$6,221.46	$6,818.76	1/1/2006	12/31/2006	11/14/2005	9/12/2006	CLEARED LEAK BY CAPING MAIN ON 09-15-06
06026181300	REPLACE MAIN - LEAKAGE	-	-	-	-	0.15%	$9,039.38	$6,551.56	$2,487.82	1/1/2006	12/31/2006	9/18/2006	9/18/2006	TWALKER/KY 09-29-06 - CUSTOMER LIST INCLUDED IN CONSTRUCTION POUCH, ALL
06026162300	INSTALL 1625' OF 2" PMMP	-	-	-	-	0.78%	$48,723.85	$65,062.65	-$16,338.80	1/1/2006	12/31/2006	4/6/2006	9/24/2006	TWALKER/KY 09-29-06: EXISTING 265' OF 2"PMP SERVICE LINE FOR ARBY'S

06026177100	INSTALL 100'-2"PMMP MAIN	-	-	-	-	0.02%	$1,468.43	$2,006.33	-$537.90	1/1/2006	12/31/2006	8/4/2006	9/26/2006	JOB OVER RAN DUE TO NEW CONTRACT COSTS, JOB WAS ESTIMATED IN 2005 BUT
05026141300	INSTALL 714'-6"PMMP	-	-	-	-	0.54%	$33,457.29	$23,548.71	$9,908.58	1/1/2006	12/31/2006	10/25/2005	9/28/2006	TWALKER/KY-JOB UNDER RAN DUE TO PROJECT BEING COMPLETE QUICKER THAN PLANNED
06026175800	RELOCATE 4" WTHP LINE	-	-	-	-	0.41%	$25,752.32	$21,267.21	$4,485.11	1/1/2006	12/31/2006	7/26/2006	9/28/2006	TWALKER/KY 02-20-07: NO SKETCH FOR COMPLETION REPORT
06026180700	LAND FOR NEW REGULATOR SITE	-	-	-	-	0.00%	$0.00	$1,143.00	-$1,143.00	1/1/2006	12/31/2006	9/13/2006	9/29/2006	TWALKER/KY 10-13-06: JOB UNDER RAN LESS ROCK IN AREA THAN PLANNED WHICH RES
06026157301	INSTALL 1125' OF 2" WT/PMMP	-	-	-	-	0.25%	$15,254.18	$29,716.54	-$14,462.36	1/1/2006	12/31/2006	6/22/2006	10/2/2006	TWALKER/KY 06-28-06: JOB OVER RAN DUE TO $6000 IN LAND SERVICE PLANNED
06026171600	INSTALL NEW REG STATION #1857	-	-	-	-	0.20%	$12,382.52	$6,097.11	$6,285.41	1/1/2006	12/31/2006	6/23/2006	10/4/2006	INSTALLED 100' OF 2" PLASTIC IP MAIN
06026179200	INSTALL 100' - 2" PMIP	-	-	-	-	0.03%	$2,000.50	$1,413.22	$587.28	1/1/2006	12/31/2006	8/28/2006	10/6/2006	UNABLE TO MAKE CONTACT ONSITE, BUT MAINTAINED CONTACT BY RADIO.
06026156400	INSTALL 1480'-2"PMMP	-	-	-	-	0.26%	$16,121.75	$26,074.54	-$9,952.79	1/1/2006	12/31/2006	3/3/2006	10/10/2006	TWALKER/KY 02-01-07: JOB OVER RAN DUE TO DIRECTIONAL BORE REQUIRED FOR
06026182300	INSTALL 86'-3"PM	-	-	-	-	0.08%	$5,045.15	$4,576.24	$468.91	1/1/2006	12/31/2006	10/5/2006	10/10/2006	OVERRUN DUE TO ROCK EXCAVATION
06026150500	INSTALL 845' - 4" PM	-	-	-	-	0.54%	$33,792.05	$29,574.37	$4,217.68	1/1/2006	12/31/2006	1/11/2006	10/13/2006	TWALKER/KY-10-16-06: JOB WAS COMPLETED AND DISPATCHING RADIO EQUIPMENT
95026413300	VEGA CONTROL UNIT FOR WINCHEST	-	-	-	-	0.07%	$4,648.64	$2,351.92	$2,296.72	1/1/2006	12/31/2006	4/10/1995	10/16/2006	JEFF MOBLEY IS ONSITE.
06026179900	FINISH INSTALL 1532'-2"PMMP	-	-	-	-	0.23%	$14,234.25	$13,551.11	$683.14	1/1/2006	12/31/2006	9/6/2006	10/18/2006	TWALKER/KY 11-01-06: JOB WAS PLANNED FOR CONTRACT LABOR-FISHEL CO. ALL
06026152800	REPLACE MAIN - LEAKAGE	-	-	-	-	0.98%	$60,712.69	$54,037.64	$6,675.05	1/1/2006	12/31/2006	1/30/2006	10/25/2006	TWALKER/KY 02-20-07 - NO SKETCH FOR COMPLETION
06026180600	NEW REGULATOR SITE	-	-	-	-	0.00%	$0.00	$1,060.00	-$1,060.00	1/1/2006	12/31/2006	9/12/2006	10/31/2006	TWALKER/KY 11-06-06: JOB COST UNDER RAN DUE TO NO PAVING REPAIR NEEDED AS
06026183500	INSTALL 480'-6"PMMP	-	-	-	-	0.19%	$11,939.02	$14,904.25	-$2,965.23	1/1/2006	12/31/2006	10/6/2006	11/2/2006	60 VOLT DC/25AMP DC RECTIFIER INSTALLED WITH 300'DEEPWELL GROUNDBED
00026787900	INSTALL RECTIFIER & GROUND BED	-	-	-	-	0.79%	$48,982.10	$31,815.51	$17,166.59	1/1/2006	12/31/2006	12/4/2000	11/6/2006	COMPLETION REPORT
06026167400	INSTAL RTU, IN/OUT TRANSDUCERS	-	-	-	-	0.49%	$30,518.35	$40,995.00	-$10,476.65	1/1/2006	12/31/2006	5/15/2006	11/7/2006	TWALKER/KY 03-07-07:JOB UNDER RAN DUE TO COMPANY CREWS DID WORK VS PLANNED
06026172100	INSTALL 323' - 4" PMIP	-	-	-	-	0.13%	$8,119.11	$24,003.55	-$15,884.44	1/1/2006	12/31/2006	6/28/2006	11/14/2006	REPLACED 12' OF 4" STEEL MAIN ON W MAIN ST WITH 4" PLASTIC AND ABANDONED
06026184600	INSTALL 15'-4"PMLP	-	-	-	-	0.14%	$8,453.15	$7,371.03	$1,082.12	1/1/2006	12/31/2006	10/18/2006	11/15/2006	CREW WENT TO JOB SITE TO WORK ON LEAK AND IT WAS DETERMINE THAT MAIN
06026187700	INSTALL 40'4" PMLP	-	-	-	-	0.06%	$4,000.07	$4,367.88	-$367.81	1/1/2006	12/31/2006	11/17/2006	11/17/2006	TWALKER/KY 12-26-06: PROJECT WAS PLANNED FOR FISHEL-CONTRATOR ALL WORK WAS
06026182000	INSTALL 172-4"PM MAIN	-	-	-	-	0.34%	$20,901.05	$15,157.85	$5,743.20	1/1/2006	12/31/2006	9/28/2006	11/28/2006	TWALKER/KY-NO SKETCH FOR COMPLETION REPORT 1-9-07
07026192900	INSTALL MECHANICAL GAUGE	-	-	-	-	0.00%	$237.63	$121.15	$116.48	1/1/2006	12/31/2006	1/4/2007	11/28/2006	TWALKER/KY 02-28-07: PROJECT WAS PLANNED FOR 2005 FISHEL CONTRACT PRICE
05026109000	RELOCATE 97' OF 12"WTHP	-	-	-	-	0.68%	$42,165.90	$30,485.42	$11,680.48	1/1/2006	12/31/2006	3/15/2005	12/4/2006	PLANNED JOB FOR 1800' OF SEED AND STRAW. ONLY HAD TO SEED AND STRAW
05026145801	INSTALL 1780'OF 2" & 6"PMMP	-	-	-	-	0.44%	$27,362.97	$29,079.56	-$1,716.59	1/1/2006	12/31/2006	7/18/2006	12/5/2006	TWALKER/KY 12-08-06:JOB OVER RAN DUE TO CKY AND CONTRACTOR CREWS HAVING TO
06026166800	RELOCATE EXISTING GAS MAIN	-	-	-	-	1.01%	$62,588.56	$61,223.84	$1,364.72	1/1/2006	12/31/2006	5/10/2006	12/5/2006	JOB LABOR COSTS WERE MUCH LESS DUE TO COMPANY INSPECTOR WATCHING
06026181000	INSTALL 5610' OF 4" PMMP	-	-	-	-	0.91%	$56,317.18	$75,524.50	-$19,207.32	1/1/2006	12/31/2006	9/15/2006	12/6/2006	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
06026189300	REPLACE EFC	-	-	-	-	0.00%	$203.95	$3,383.94	-$3,179.99	1/1/2006	12/31/2006	12/4/2006	12/7/2006	TWALKER/KY 03-05-07: JOB OVER RAN DUE TO LAND SERVICE COSTS.
06026168000	INSTALL 805' - 4" PMMP	-	-	-	-	0.23%	$14,192.25	$10,746.78	$3,445.47	1/1/2006	12/31/2006	5/17/2006	12/12/2006	PRE-TESTED PIPE
06026191500	REPLACE MAIN - LEAKAGE	-	-	-	-	0.03%	$2,018.74	$2,753.39	-$734.65	1/1/2006	12/31/2006	12/15/2006	12/13/2006	TWALKER/KY 12-27-06: CONTRACTOR STANLEY PIPELINE WAS PAID ON 06-6693856-00
06026191300	INSTALL 2 BY-PASS VALVES	-	-	-	-	0.04%	$2,402.26	$4,220.91	-$1,818.65	1/1/2006	12/31/2006	12/15/2006	12/19/2006	TWALKER/KY 01-08-07: JOB UNDER RAN DUE TO NO ROCK ONSITE AS PLANNED WHICH
05026148900	INSTALL 2700' OF 2" PMMP	-	-	-	-	0.30%	$18,943.22	$30,575.67	-$11,632.45	1/1/2006	12/31/2006	12/20/2005	12/22/2006	PAVING COSTS AND LAND SERVICES COSTS HAVE NOT BEEN APPLIED AS OF 05/25/07..
05026122800	INSTALL 650' OF 6" PM/WT	-	-	-	-	0.74%	$45,722.44	$64,070.94	-$18,348.50	1/1/2006	12/31/2006	6/16/2005	12/22/2006	PAVING COSTS HAVE NOT BEEN APPLIED AS OF 05/25/07...JMP
06026190200	INSTALL 300' - 4" PM	-	-	-	-	0.29%	$18,316.89	$20,846.12	-$2,529.23	1/1/2006	12/31/2006	12/6/2006	12/22/2006	OVERRUN IN MATERIAL DUE TO INCREASE IN PIPE COSTS FROM ESTIMATE AND THE
05026123100	INSTALL 38,500 12" DE EXT	-	-	-	-	114.96%	$7,148,383.02	$4,386,398.56	$2,761,984.46	1/1/2006	12/31/2006	6/16/2005	12/29/2006	CONTRACTOR USED THE ENTIRE DAY ON BACKFILL AND CLEAN UP AND DID NOT GET

							2006 Construction Project Budget	$6,218,169.36						TWALKER/KY 01-09-07:JOB UNDER RAN DUE TO LESS TIME REQUIRED TO COMPLETE
06026184200	INSTALL 3490'-2"PMMP	-	-	-	-	0.49%	$28,088.70	$35,998.39	-$7,909.69	1/1/2007	12/31/2007	10/16/2006	1/3/2007	TWALKER/KY 05-25-07: PROJECT OVER RAN DUE TO PROJECT WAS LOCATED IN
06026177200	INSTALL 40'-4"MP	-	-	-	-	0.08%	$4,368.80	$7,275.30	-$2,906.50	1/1/2007	12/31/2007	8/8/2006	1/3/2007	TWALKER/KY 01-11-07: JOB WAS PLANNED FOR CONTRACTOR CKY CREWS DID WORK
06026186100	INSTALL 130'-3" & 4"PMMP	-	-	-	-	0.35%	$19,751.71	$13,331.21	$6,420.50	1/1/2007	12/31/2007	11/1/2006	1/5/2007	RELOCATED AND LOWED 228' OF 4" PMP AND 5' OF 2" PMP. BYPASS NOT REQUIRED
06026182200	INSTALL 525'-4"PMMP	-	-	-	-	0.10%	$5,756.10	$8,918.07	-$3,161.97	1/1/2007	12/31/2007	10/4/2006	1/8/2007	TWALKER/KY 02-21-07: THIS MAIN LINE EXT WAS INSTALLED AT THE SAME TIME
06026189500	RELOCATE 4" PMMP MAIN	-	-	-	-	0.29%	$16,694.69	$19,661.79	-$2,967.10	1/1/2007	12/31/2007	12/4/2006	1/10/2007	TWALKER/KY 07-20-06: THIS PROJECT IS NOT COMPLETE AS THIS TIME THE CORRECT
06026188900	INSTALL 245'-2"PMMP	-	-	-	-	0.05%	$2,689.47	$4,574.62	-$1,885.15	1/1/2007	12/31/2007	12/1/2006	1/24/2007	UNLOAD TAPPING EQUIPMENT OFF BOOM TRUCK
04026978900	INSTALL 2565'-2"PMP MAIN	-	-	-	-	0.28%	$15,922.51	$24,443.84	-$8,521.33	1/1/2007	12/31/2007	6/10/2004	1/27/2007	PREFAB METEL BUILDING INSTALLED FOR TCO AS PART OF A POD AGREEMENT
06026177600	RELOCATE 8"WTHP & 4"PMP	-	-	-	-	3.26%	$186,102.22	$246,434.69	-$60,332.47	1/1/2007	12/31/2007	8/14/2006	1/31/2007	INSTALLED 218' OF 2" PLASTIC PIPE. HIT SOLID ROCK AT DEPTH OF 6" FOR 92'
05026140600	INSTALL NEW PRE-FAB BUILDING	-	-	-	-	0.24%	$13,864.54	$13,519.19	$345.35	1/1/2007	12/31/2007	10/18/2005	2/7/2007	CONTACTED RCT/PLANT ACCOUNTING ABOUT PROBLEM WITH MATERIAL COSTS. AT FIRST
07026196200	INSTALL 250' OF 2"PMMP	-	-	-	-	0.18%	$10,364.86	$7,316.86	$3,048.00	1/1/2007	12/31/2007	1/23/2007	2/9/2007	INSTALLED 317' OF 2" PLA FROM THE SOUTH P/L OF 368 VILLAGE DR TO THE SOUTH
06026179000	INSTALL 2356'-4" PMIP& ST	-	-	-	-	0.60%	$34,499.36	$30,494.05	$4,005.31	1/1/2007	12/31/2007	8/22/2006	2/12/2007	OVER RUN EXPLANATION: PROJECT OVER RAN DUE TO 786 EXTRA UNITS IN PAVING RES
07026197200	INSTALL 325' OF 2"PMMP	-	-	-	-	0.13%	$7,184.91	$7,415.57	-$230.66	1/1/2007	12/31/2007	1/26/2007	2/28/2007	REPLACED 224' OF 2" STEEL MAIN WITH 2" PLASTIC PIPE
07026198100	INSTALL 300' - 8"& 2" LP MAIN	-	-	-	-	0.53%	$30,238.07	$17,006.64	$13,231.43	1/1/2007	12/31/2007	2/7/2007	3/8/2007	COMPLETED TIE IN, GAS IS NOW ON MAIN. HAD TO REMOVE A 4' X 4' SECTION OF
07026199000	REPLACE MAIN - LEAKAGE	-	-	-	-	0.28%	$15,950.46	$14,122.80	$1,827.66	1/1/2007	12/31/2007	2/19/2007	3/12/2007	OVERRUN EXPLANATION: APPROXIMATELY $6,000 MORE PAVING WAS REQUIRED THAN EST
06026192500	INSTALL 500' OF 2"PMMP	-	-	-	-	0.11%	$6,323.23	$7,007.62	-$684.39	1/1/2007	12/31/2007	12/28/2006	3/20/2007	TWALKER/KY 03-29-07: PROJECT WAS PLANNED FOR GENERAL UTILITY STRIP BUT
07026200500	REPLACE MAIN - LEAKAGE	-	-	-	-	0.56%	$32,134.30	$25,700.07	$6,434.23	1/1/2007	12/31/2007	3/5/2007	3/20/2007	TWALKER/KY 03-29-07: JOB OVER RAN DUE TO FOR MAIN NEED TO SERVE PROJECT
06026179100	INSTALL 1400' OF 6"PMMP	-	-	-	-	0.67%	$38,181.26	$43,437.90	-$5,256.64	1/1/2007	12/31/2007	8/24/2006	3/21/2007	TWALKER/KY 05-25-07: PROJECT COST WERE LOWER DUE TO CHANGE IN SEGA RATE
06026192100	INSTALL 850' OF 2"PMMP	-	-	-	-	0.42%	$23,905.58	$12,302.21	$11,603.37	1/1/2007	12/31/2007	12/21/2006	3/21/2007	TWALKER/KY 03-22-07: NO SIGNED JOB ORDER COPY AND NO SKETCH FOR COMPLETION
06026165600	REPLACE MAIN - LEAKAGE	-	-	-	-	0.50%	$28,716.74	$29,769.92	-$1,053.18	1/1/2007	12/31/2007	5/8/2006	3/21/2007	TWALKER/KY 03-22-07: NO SIGNED JOB ORDER COPY AND NO SKETCH FOR COMPLETION
03000125300	EMDCS - HARDWARE	-	-	-	-	0.00%	$0.00	$10,313.00	-$10,313.00	1/1/2007	12/31/2007	8/19/2003	3/22/2007	TWALKER/KY 03-22-07: NO SIGNED JOB ORDER COPY AND NO SKETCH FOR COMPLETION
03000126400	SERVICE MDT MIGRATION-HARDWARE	-	-	-	-	0.00%	$0.00	$4,845.00	-$4,845.00	1/1/2007	12/31/2007	9/3/2003	3/22/2007	TWALKER/KY 03-22-07: NO SIGNED JOB ORDER COPY AND NO SKETCH FOR COMPLETION
04000128300	NLRS REWRITE (HARDWARE)	-	-	-	-	0.00%	$0.00	$450.00	-$450.00	1/1/2007	12/31/2007	2/12/2004	3/22/2007	TWALKER/KY 03-22-07: THIS PROJECT WAS CREATED BY A CKY OFI TEAM WHOSE
04000129400	REPLACE CDC NOMINATION SYS	-	-	-	-	0.00%	$0.00	$3,003.00	-$3,003.00	1/1/2007	12/31/2007	2/29/2004	3/22/2007	OVERRUN DUE TO INCREASED LABOR / CONTRACTOR HOURS.
99026713000	INSTALL SCADA EQUIPMENT	-	-	-	-	0.16%	$9,396.74	$5,347.83	$4,048.91	1/1/2007	12/31/2007	9/8/1999	3/22/2007	TWALKER/KY 04-26-07: JOB COST LOWER THAN PLANNED SINCE COMPANY LABOR WAS
07026200100	INSTALL 111' - 8" WTMP	-	-	-	-	1.19%	$68,074.40	$29,411.74	$38,662.66	1/1/2007	12/31/2007	2/23/2007	4/2/2007	REPLACED 167' OF 4" STEEL MAIN WITH 4" PLASTIC
07026199700	RELOCATE 332'-6"PMMP	-	-	-	-	0.38%	$21,644.45	$27,350.45	-$5,706.00	1/1/2007	12/31/2007	2/22/2007	4/6/2007	CONTRACTOR NEEDS ADDITIONAL LOCATES AND HE ALSO NEEDS A BIGGER DIRECTIONAL
07026200700	REPLACE MAIN - LEAKAGE	-	-	-	-	0.29%	$16,565.20	$13,579.45	$2,985.75	1/1/2007	12/31/2007	3/6/2007	4/25/2007	LENGTH OF PROJECT INCREASED FROM 1750' TO 2156' DUE TO RESTRICTIONS PLACED
07026202900	INSTALL 250'-2"PMIP	-	-	-	-	0.16%	$9,273.01	$4,473.62	$4,799.39	1/1/2007	12/31/2007	3/20/2007	4/27/2007	UNDERRUN EXPLANATION: JOB WAS ESTIMATED USING THE DEFAULT OH RATE OF 28% WH
06026179600	INSTALL 1600' - 3" PMIP	-	-	-	-	1.01%	$57,530.09	$45,450.56	$12,079.53	1/1/2007	12/31/2007	9/1/2006	5/2/2007	OVERRUN DUE TO INCREASED LABOR HOURS TO CALIBRATE ODORIZER FLOW.
06026189800	RELOCATE 6" DKT-N HP MAIN	-	-	-	-	1.53%	$87,410.67	$88,738.71	-$1,328.04	1/1/2007	12/31/2007	12/5/2006	5/11/2007	INSTALLED PART OF LINE TIED IN PULLED OFF , RETURNED TO INSTALL THE REST
06026184300	INSTALL YZ ODORIZER	-	-	-	-	0.46%	$26,405.78	$22,458.15	$3,947.63	1/1/2007	12/31/2007	10/17/2006	5/12/2007	POWER PLANT INDICATES A JOB ORDER COST OF $6,669.46 WHILE WMS INDICATES A B

07026193600	INSTALL 3100'-4"PMMP	-	-	-	-	0.68%	$38,898.02	$40,760.08	-$1,862.06	1/1/2007	12/31/2007	1/9/2007	5/16/2007	TWALKER/KY 05-24-07: JOB UNDER RAN DUE TO NO ROCK ENCOUNTER ONSITE WHICH
07026209900	REPLACE MAIN - LEAKAGE	-	-	-	-	0.14%	$8,216.62	$8,538.72	-$322.10	1/1/2007	12/31/2007	5/23/2007	5/17/2007	TWALKER/KY 05-23-07: JOB OVER RAN DUE TO EXISTING BARE STEEL MAIN WAS TO
06026184500	INSTALL 5461'-2"PMMP MAIN	-	-	-	-	0.76%	$43,496.05	$64,130.32	-$20,634.27	1/1/2007	12/31/2007	10/17/2006	5/22/2007	OVER RUN DO TO UNEXPECTED PAVEING
07026202000	REPLACE MAIN - LEAKAGE	-	-	-	-	0.37%	$20,912.30	$12,185.76	$8,726.54	1/1/2007	12/31/2007	3/16/2007	5/22/2007	COMPLETION REPORT NO SKETCH REQUIRED
07026210400	REPLACE MAIN - LEAKAGE	-	-	-	-	0.10%	$5,971.14	$2,341.31	$3,629.83	1/1/2007	12/31/2007	5/24/2007	5/25/2007	POWER PLANT INDICATES A COST OF $5,207.89 WHILE WMS INDICATES A COST OF $0.
06026167500	INSTAL BRISTOL FLOW CONTROLLER	-	-	-	-	0.21%	$11,931.85	$24,020.00	-$12,088.15	1/1/2007	12/31/2007	5/15/2006	5/25/2007	REPALCED DAIL-UP MODEM WITH NEW CDMA MODEM
07026210900	REPLACE MAIN - LEAKAGE	-	-	-	-	0.10%	$5,796.96	$5,974.37	-$177.41	1/1/2007	12/31/2007	5/29/2007	5/31/2007	LAYED 316 FEET OF PIPE AFTER A LATE START, ALSO ENCOUNTERED ROCK ON THE
06026167700	INSTALL NEW CDMA MODEM	-	-	-	-	0.01%	$685.69	$2,767.00	-$2,081.31	1/1/2007	12/31/2007	5/15/2006	6/1/2007	OVERRUN DUE TO INCREASED PIPE FOOTAGE, AND INCREASED PAVING. INVENTORY
06026190500	INSTALL 850' OF 2" PMMP	-	-	-	-	0.17%	$9,485.49	$11,602.21	-$2,116.72	1/1/2007	12/31/2007	12/8/2006	6/4/2007	COMPLETED PIPE INSTALLATION, BUT IS NOT EQUIPPED TO TO COMPLETE THE TIE-IN.
07026198401	INSTALL 1860' - 4" & 2" PM	-	-	-	-	2.15%	$122,622.47	$112,643.27	$9,979.20	1/1/2007	12/31/2007	11/28/2007	6/11/2007	MUST BORE SHORT STREET AND MAKE TIE-IN THERE TO COMPLETE ORDER.
07026206200	INSTALL 350'-2"PMIP	-	-	-	-	0.09%	$5,398.32	$5,162.40	$235.92	1/1/2007	12/31/2007	4/23/2007	6/12/2007	INSTALLED PHONE SYSTEM IN ASHLAND
07026207300	INSTALL 440'-2"PMMP	-	-	-	-	0.14%	$8,092.06	$16,386.71	-$8,294.65	1/1/2007	12/31/2007	5/4/2007	6/18/2007	TWALKER/KY 07-11-07: PROJECT WAS PLANNED FOR CONTRACTOR BUT ALL CONSTRUCTIO
95026460700	NORSTAR PHONE SYS ASHLAND,KY	-	-	-	-	0.25%	$14,145.58	$13,303.87	$841.71	1/1/2007	12/31/2007	12/5/1995	6/27/2007	TWALKER/KY 08-09-07: JOB COST WERE LOWER DUE TO CHANGE IN SEGA RATE FROM
07026204500	INSTALL 328'-2"PMMP MAIN	-	-	-	-	0.15%	$8,393.25	$7,103.17	$1,290.08	1/1/2007	12/31/2007	4/5/2007	6/28/2007	PUT 90 LB AIR TEST ON 500 FEET OF 4 " PLA MAIN. WILL TIE-IN ON MONDAY APR
06026179300	RELOCATE 8,6 & 2" WTHP MAIN	-	-	-	-	9.41%	$536,718.84	$594,806.22	-$58,087.38	1/1/2007	12/31/2007	8/29/2006	6/28/2007	OVERRUN DUE TO INCREASED PAVING COSTS. UNABLE TO INSTALL REPL. MAIN
07026199500	INSTALL 1200' OF 4"PM	-	-	-	-	1.45%	$82,762.42	$89,928.31	-$7,165.89	1/1/2007	12/31/2007	2/21/2007	6/29/2007	KBOTKINS 5/01/08 JOB OVER RAN DUE TO 130 SQ FT OF SIDEWALK REPAIR BEING
07026201400	INSTALL 655' - 2" PMMP	-	-	-	-	0.61%	$35,054.16	$20,872.65	$14,181.51	1/1/2007	12/31/2007	3/9/2007	7/6/2007	TWALKER/KY 07-30-07: JOB UNDER RAN DUE TO LESS LAND SERVICES THAN PLANNED
07026213200	INSTALL 200'-4"PMLP	-	-	-	-	0.32%	$18,408.36	$10,431.57	$7,976.79	1/1/2007	12/31/2007	6/6/2007	7/9/2007	PROJECT OVERRAN BECASUE SAND AND STONE WAS UNDER ESTIMATED. IN ADDITION, PR
06026187300	INSTALL 1070'-4" GAS MAIN	-	-	-	-	0.24%	$13,469.17	$17,295.82	-$3,826.65	1/1/2007	12/31/2007	11/14/2006	7/12/2007	TWALKER/KY 08-29-07: KY DOT CONTRACTED FISHEL COMPANY TO INSTALL MAIN AND
07026221400	REPLACE MAIN - LEAKAGE	-	-	-	-	0.33%	$18,907.76	$6,617.01	$12,290.75	1/1/2007	12/31/2007	7/20/2007	7/20/2007	OVERRUN DUE TO INCREASED PAVING. PIPELINE INSTALLED UNDER THE EDGE OF THE
06026191800	RELOCATE 2180'-2"PMIP	-	-	-	-	0.07%	$3,746.53	$6,603.55	-$2,857.02	1/1/2007	12/31/2007	12/19/2006	7/20/2007	TWALKER/KY 08-08-07: CONSTRUCTION HIT MORE ROCK ON PROJECT THAN PLAN
07026216500	INSTALL 670' - 6" PM	-	-	-	-	0.90%	$51,534.47	$34,766.29	$16,768.18	1/1/2007	12/31/2007	6/20/2007	7/20/2007	INSTALLED 1323' 4" PLASTIC AND 25' 3" PLASTIC PIPE
07026207700	RELOCATED 400' OF 6"PMMP	-	-	-	-	0.55%	$31,279.82	$19,620.09	$11,659.73	1/1/2007	12/31/2007	5/8/2007	7/26/2007	C.G.I, TOO WET AND MUDDY TO MANUEVER EQUIPMENT.
07026217000	INSTALL 1355' - 4" PM	-	-	-	-	0.97%	$55,219.10	$37,781.22	$17,437.88	1/1/2007	12/31/2007	6/26/2007	7/27/2007	TWALKER/KY 08-28-07: PROJECT WAS PLANNED FOR CONTRACTOR TO INSTALL MAIN
07026213700	INSTALL 350'-2"PMMP	-	-	-	-	0.15%	$8,561.94	$5,505.95	$3,055.99	1/1/2007	12/31/2007	6/7/2007	7/31/2007	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
07026204100	INSTALL 1785'-4"PMMP	-	-	-	-	0.64%	$36,355.49	$35,973.07	$382.42	1/1/2007	12/31/2007	3/30/2007	8/8/2007	TWALKER/KY 08-29-07: JOB OVER DUE TO 2" PM MAIN WAS ORDER INSTEAD OF 4" PM
07026222500	REPLACE EFC	-	-	-	-	0.04%	$2,434.36	$3,270.28	-$835.92	1/1/2007	12/31/2007	7/26/2007	8/8/2007	TWALKER/KY 08-28-07: NO PAVING TO REMOVE AS PLANNED RESULTED IN FASTER
07026195200	INSTALL 9700'-2" PMMP	-	-	-	-	1.69%	$96,328.46	$85,564.40	$10,764.06	1/1/2007	12/31/2007	1/17/2007	8/14/2007	SEE HARD COPY ABOUT TEST CHART COULD'NT INSERT AS PLAN-
07026214100	RELOCATE 50' OF 2"PMMP	-	-	-	-	0.07%	$3,938.69	$6,527.72	-$2,589.03	1/1/2007	12/31/2007	6/8/2007	8/14/2007	JOB OVER RAN BECAUSE IT WAS ESTIMATED UNDER FISHEL'S HOURLY CONTRACT, BUT W
06026175300	REPLACE MAIN - LEAKAGE	-	-	-	-	0.77%	$43,849.27	$27,457.80	$16,391.47	1/1/2007	12/31/2007	7/21/2006	8/17/2007	TWALKER/KY 08-31-07: PROJECT UNDER RAN DUE TO LESS PAVING/SIDEWALK REPAIRS
06026184000	INSERT 273' 3"PL	-	-	-	-	0.28%	$15,690.28	$6,967.65	$8,722.63	1/1/2007	12/31/2007	10/16/2006	8/24/2007	TWALKER/KY 09-04-07: JOB UNDER RAN PLANNED FOR CONTRACTOR BUT ALL WORK DONE
07026216300	RELOCATE 4" & 6" WTMP MAINS	-	-	-	-	0.88%	$50,457.59	$47,073.61	$3,383.98	1/1/2007	12/31/2007	6/20/2007	8/27/2007	TWALKER/KY 09-07-07: PROJECT OVER RAN DUE TO PLANNED BORE FAILED DUE TO
07026206900	INSTALL 1090'-4"PMMP	-	-	-	-	0.31%	$17,834.58	$17,237.72	$596.86	1/1/2007	12/31/2007	5/3/2007	8/28/2007	NEW GROUND BED INSTALLED AND RECTIFIER MOVED.
07026203800	REPLACE AND LOWER 8" MAIN	-	-	-	-	1.04%	$59,471.97	$40,370.70	$19,101.27	1/1/2007	12/31/2007	3/29/2007	8/30/2007	COMPLETION REPORT--NO SKETCH REQUIRED. ZS

07026219900	REPLACE GROUNDBED - DIEDERICH	-	-	-	-	0.32%	$18,297.45	$11,696.24	$6,601.21	1/1/2007	12/31/2007	7/12/2007	9/6/2007	CROSSED LOUDON AV AT MEADOW LN WITH 2" PMP MAIN, UNABLE TO COMPLETELY BACK-
07026225100	INSTALL MERCURY EFCS	-	-	-	-	0.20%	$11,599.57	$7,608.85	$3,990.72	1/1/2007	12/31/2007	8/15/2007	9/11/2007	INSTALLED 34' - 6" WTHP -- 145' - 16" WTHP -- 2583' - 12" WTHP -- INSTALLED
05026131000	LOUDON AVENUE RELOCATION PROJ.	-	-	-	-	32.87%	$1,874,848.33	$1,511,189.37	$363,658.96	1/1/2007	12/31/2007	8/11/2005	9/12/2007	INSTALLED 2759' - 4" PMIP
07026197300	INSTALL 2475' - 12" WTHP	-	-	-	-	5.15%	$293,964.41	$324,513.49	-$30,549.08	1/1/2007	12/31/2007	1/30/2007	9/13/2007	TWALKER/KY 09-25-07: PROJECT COST UNDER RAN BECAUSE JOB WAS COMPLETED
07026215900	INSTALL 3330' - 2" & 4" PMIP	-	-	-	-	0.85%	$48,199.66	$42,646.91	$5,552.75	1/1/2007	12/31/2007	6/18/2007	9/18/2007	USED PRE-TESTED PIPE AND SOAP TESTED
07026194800	INSTALL 505' OF 6"PMMP	-	-	-	-	0.89%	$50,839.53	$30,197.82	$20,641.71	1/1/2007	12/31/2007	1/16/2007	9/20/2007	INSTALLED 100' - 2" PLASTIC MAIN
07026223000	INSTALL 6'-8"PM	-	-	-	-	0.10%	$5,919.16	$5,891.50	$27.66	1/1/2007	12/31/2007	7/31/2007	9/25/2007	TWALKER/KY 03-25-08:JOB UNDER RAN DUE TO APPRX 500' LESS PIPE WAS INSTALLED
07026228800	INSTALL 100' - 2" PM	-	-	-	-	0.23%	$13,360.91	$1,387.22	$11,973.69	1/1/2007	12/31/2007	9/6/2007	9/26/2007	COMPLETION REPORT NO SKETCH REQUIRED
07026197700	INSTALL 4750' OF 2" PMMP	-	-	-	-	0.88%	$50,151.70	$58,525.90	-$8,374.20	1/1/2007	12/31/2007	1/30/2007	9/27/2007	TWALKER/KY 10-02-07: AS PART OF PROJECT WE DISCOVERED THAT 285 FEET OF
07026212400	INSTALL PRIVACY FENCE	-	-	-	-	0.06%	$3,302.82	$2,351.32	$951.50	1/1/2007	12/31/2007	6/4/2007	9/27/2007	INSTALED 2314' -4"PMIP JHODGSON
07026213800	INSTALL 165' OF 4"PMMP	-	-	-	-	0.20%	$11,622.22	$14,529.33	-$2,907.11	1/1/2007	12/31/2007	6/7/2007	10/2/2007	REPLACED PORTION OF 4" SERVICE LINE
07026203000	INSTALL 2280' - 4" PMIP	-	-	-	-	0.68%	$38,876.85	$35,388.20	$3,488.65	1/1/2007	12/31/2007	3/22/2007	10/5/2007	INSTALLED 4" PLASTIC TEE AND TEST STATION
07026201300	RELOCATE & REPLACE 4" WTMP S/L	-	-	-	-	0.22%	$12,607.64	$12,407.22	$200.42	1/1/2007	12/31/2007	3/9/2007	10/5/2007	EXTENDED 4" PMP MAIN 129', BUTT WELDING THE TIE-IN AND USING A 4" PLA CAP,
07026222900	INSTALL 8'-4"PM	-	-	-	-	0.18%	$10,528.58	$5,138.32	$5,390.26	1/1/2007	12/31/2007	7/31/2007	10/8/2007	TWALKER/KY 11-14-07: PROJECT WAS PLANNED UNDER FISHEL CONTRACT BUT ALL
07026233300	INSTALL 125' OF 4"PMMP	-	-	-	-	0.05%	$2,801.91	$4,988.50	-$2,186.59	1/1/2007	12/31/2007	10/2/2007	10/12/2007	TWALKER/KY 10-25-07: PROJECT COST ARE SHOWING UNDER RUN BUT ALL LAND
07026195000	LIBERTY/TODDS MAIN RELOCATION	-	-	-	-	3.63%	$207,223.61	$203,772.16	$3,451.45	1/1/2007	12/31/2007	1/17/2007	10/23/2007	JOB UNDER DUE TO ROUTE CHANGES MADE IN CONSTRUCTION THAT REDUCED THE
07026213900	MAIN LINE RELOCATION PROJECT	-	-	-	-	0.80%	$45,697.83	$51,318.05	-$5,620.22	1/1/2007	12/31/2007	6/7/2007	10/23/2007	TWALKER/KY 10-26-07: PROJECT OVER RAN CREWS INSTALLED ADDITIONAL 45 FEET
07026203600	INSTALL 3120'-2"& 4"PMMP	-	-	-	-	0.70%	$39,731.68	$35,459.42	$4,272.26	1/1/2007	12/31/2007	3/28/2007	10/24/2007	LAND ACQUISITION ONLY NO IN SERVICE DATE.
07026218800	INSTALL 100' OF 2" PMMP	-	-	-	-	0.05%	$2,670.79	$1,890.14	$780.65	1/1/2007	12/31/2007	7/3/2007	10/25/2007	TWALKER/KY 11-02-07: JOB OVER RAN DUE TO APPRX 200' ADDITIONAL PIPE INSTALL
07026229100	ACQUIRE SITE FOR STATION 1212	-	-	-	-	0.03%	$1,986.50	$4,115.00	-$2,128.50	1/1/2007	12/31/2007	9/7/2007	10/25/2007	TWALKER/KY 11-7-07: JOB UNDER RUN DUE TO PLANNED FOR CONTRACTOR BUT ALL
07026206500	INSTALL 4500' OF 2"PMMP	-	-	-	-	1.00%	$57,045.75	$46,907.90	$10,137.85	1/1/2007	12/31/2007	4/25/2007	11/2/2007	TWALKER/KY 11-07-07: JOB OVER RUN DUE TO LP MAIN WAS MAPPED INCORRECTLY
07026224600	INSTALL 175'-4"PMMP MAIN	-	-	-	-	0.09%	$5,126.83	$4,220.22	$906.61	1/1/2007	12/31/2007	8/13/2007	11/2/2007	TWALKER/KY 11-13-07: JOB UNDER RAN DUE TO NO ROCK ON SITE AS EXPECTED AND
07026200900	REPLACE MAIN - LEAKAGE	-	-	-	-	1.05%	$59,850.78	$35,517.14	$24,333.64	1/1/2007	12/31/2007	3/6/2007	11/2/2007	GAS IN SERVICE 11-09-07. COMPLETION DATE LATER DUE TO INCOMPLETE PAPER
06026172800	INSTALL 2150' OF 6"/2" PMMP	-	-	-	-	0.57%	$32,683.04	$47,403.06	-$14,720.02	1/1/2007	12/31/2007	7/11/2006	11/9/2007	REPAIRED DAMAGED COATING TO MAIN AND PURCHASED MATERIAL TO USED AS A ROCK
07026226300	INSTALL 210'-2"PMMP	-	-	-	-	0.13%	$7,545.37	$9,572.74	-$2,027.37	1/1/2007	12/31/2007	8/20/2007	11/20/2007	1ST PHASE COMPLETE 08-10-2007 2ND PHASE 2 TO 4 WEEKS OUT MAYBE MORE ALLEN
07026206000	RELOCATE HP & MP MAIN FOR UK	-	-	-	-	3.72%	$212,011.18	$148,194.33	$63,816.85	1/1/2007	12/31/2007	4/23/2007	11/26/2007	OVERRUN EXPLANATION: PROJECT WAS ESTIMATED USING THE BLANKET CONTRACTOR'S R
07026219000	RELOCATE 4" & 8" PMMP MAIN	-	-	-	-	0.63%	$36,128.54	$28,553.90	$7,574.64	1/1/2007	12/31/2007	7/9/2007	11/26/2007	TWALKER/KY 12-14-07: PROJECT WAS PLANNED FOR CONTRACTOR BUT ALL WORK WAS
07026241300	REPLACE MAIN - LEAKAGE	-	-	-	-	0.32%	$18,051.29	$11,954.89	$6,096.40	1/1/2007	12/31/2007	11/30/2007	12/7/2007	TWALKER/KY 12-18-07: JOB OVER RAN BECAUSE CREWS HIT ROCK WHICH RESULTED IN
07026230000	INSTALL 3"PIF	-	-	-	-	0.10%	$5,525.25	$6,571.71	-$1,046.46	1/1/2007	12/31/2007	9/13/2007	12/7/2007	TWALKER/KY 12-18-07: JOB UNDER RAN DUE TO APPRX 600' LESS MAIN LINE INSTALL
07026204801	INSTALL 400'-2"PMMP	-	-	-	-	0.27%	$15,376.28	$7,407.21	$7,969.07	1/1/2007	12/31/2007	11/6/2007	12/11/2007	ESTIMATED OVERRUN DUE TO INCREASED PAVING ONCE ACTUAL TIE-IN LOCATION
07026216100	INSTALL 2200'-2"PMMP	-	-	-	-	0.24%	$13,722.31	$20,404.32	-$6,682.01	1/1/2007	12/31/2007	6/19/2007	12/13/2007	TWALKER/KY 12-26-07: PROJECT COST WHERE HIGHER THAN PLAN DUE TO AMOUNT OF
07026240700	INSTALL 180' - 3" PMIP	-	-	-	-	0.31%	$17,854.56	$10,175.64	$7,678.92	1/1/2007	12/31/2007	11/16/2007	12/19/2007	TWALKER/KY 03-03-08: JOB OVER RAN DUE TO CHG IN SEGA RATE EST RATE WAS
07026235000	INSTALL 375' OF 2"PMMP	-	-	-	-	0.32%	$18,299.57	$13,017.19	$5,282.38	1/1/2007	12/31/2007	10/12/2007	12/21/2007	TWALKER/KY 01-11-08: JOB UNDER RAN DUE TO ALL WORK WAS DONE BY COMPANY
07026231100	REPLACE MAIN - LEAKAGE	-	-	-	-	14.04%	$800,426.85	$678,139.27	$122,287.58	1/1/2007	12/31/2007	9/20/2007	12/26/2007	TWALKER/KY 02-14-08: PROJECT UNDER RAN DUE TO NO PAVING/SIDEWALK REPAIRS
07026241500	INSTALL 150' OF 2"PM	-	-	-	-	0.05%	$2,799.34	$4,187.19	-$1,387.85	1/1/2007	12/31/2007	12/3/2007	12/27/2007	TWALKER/KY 01-29-08: PROJECT COST UNDER RAN DUE TO PLANNED FOR STANLEY

							2007 Construction Project Budget	$5,702,984.78						INCLEMENT WEATHER.
07026240500	RELOCATE 25' OF 2" MP MAIN	-	-	-	-	0.06%	$4,739.74	$6,178.49	-$1,438.75	1/1/2008	12/31/2008	11/15/2007	1/9/2008	INSTALLED 809' - 2" PM MAIN & 4' - 2" WT
07026230100	INSTALL 1000' OF 2"PMMP MAIN	-	-	-	-	0.56%	$42,805.09	$47,792.05	-$4,986.96	1/1/2008	12/31/2008	9/13/2007	1/10/2008	TWALKER/KY 02-26-08: PROJECT WAS PLANNED FOR STANLEY PIPELINE BUT ALL WORK
07026239200	INSTALL 990'-2"PMMP	-	-	-	-	0.15%	$11,485.50	$9,767.97	$1,717.53	1/1/2008	12/31/2008	11/5/2007	1/15/2008	PAID TIME FOR:
07026243900	INSTALL 802' 2" PM LP MAIN	-	-	-	-	0.22%	$17,291.11	$18,268.94	-$977.83	1/1/2008	12/31/2008	12/20/2007	1/18/2008	OVERRUN DUE TO INCREASED R/W COSTS, INCLEMENT WEATHER DURING CONSTRUCTION,
07026233100	REPLACE MAIN - LEAKAGE	-	-	-	-	0.58%	$44,258.36	$79,062.28	-$34,803.92	1/1/2008	12/31/2008	10/1/2007	1/30/2008	TWALKER/KY-4-28-08: PROJECT OVER RAN BECAUSE PROJECT WAS PLAN FOR THE 06
07026243700	REPLACE MAIN - LEAKAGE	-	-	-	-	0.30%	$22,849.97	$53,252.94	-$30,402.97	1/1/2008	12/31/2008	12/20/2007	2/5/2008	CUSTOMER DOESN'T HAVE HIS HOUSE LINE DONE.
06026176600	INST. 9775'-3" & 1210'-2" PMMP	-	-	-	-	3.20%	$246,634.59	$165,049.70	$81,584.89	1/1/2008	12/31/2008	8/1/2006	2/7/2008	JOB OVER RAN FOR THE FOLLOWING REASONS: PIPE DEPTH AT TIE IN LOCATION
06026183700	INSTALL NEW MAIN FOR BOILER	-	-	-	-	2.09%	$160,586.18	$85,082.88	$75,503.30	1/1/2008	12/31/2008	10/9/2006	2/11/2008	KBOTKINS/CKY/6/30/2008. YEAR END SEGA CHARGES CAUSED JOB TO OVER RUN
07026243400	INSTALL 100'-4"PLP SERVICE	-	-	-	-	0.09%	$6,565.07	$3,714.50	$2,850.57	1/1/2008	12/31/2008	12/17/2007	2/15/2008	INSTALLED 327' OF 2" PLASTIC MAIN
07026230800	INSTALL 80'-12"WTHP	-	-	-	-	0.31%	$23,903.75	$29,487.46	-$5,583.71	1/1/2008	12/31/2008	9/20/2007	2/20/2008	STANLEY PIPELINE NEEDS TO GO BACK AND DO CLEAN FROM START TO FINISH OF JOB.
07026207900	INSTALL 23,617'-2"& 8"PMMP	-	-	-	-	8.41%	$647,475.60	$603,135.56	$44,340.04	1/1/2008	12/31/2008	5/9/2007	2/22/2008	PROBLEMS WITH CASING BORE CAUSE THIS PROJECT TO EXTEND BEYOND THE COMMIT DA
07026240000	INSTALL 350' OF 2"PMMP	-	-	-	-	0.13%	$10,126.55	$7,992.62	$2,133.93	1/1/2008	12/31/2008	11/14/2007	2/26/2008	LOCATES HAVE BEEN DONE, NO BORES ARE INVOLVED FOR THE MAIN LINE.
07026201900	INSTALL 2640'-4"PMMP	-	-	-	-	0.86%	$66,286.72	$54,668.21	$11,618.51	1/1/2008	12/31/2008	3/16/2007	2/29/2008	C.G.I., INCLEMENT WEATHER. BLDR HAS ALREADY POURED A NEW DRIVEWAY APRON IN
07026240200	INSTALL 545' 2" PMIP-DRIFT BR	-	-	-	-	0.55%	$42,099.89	$31,572.14	$10,527.75	1/1/2008	12/31/2008	11/14/2007	3/3/2008	KBOTKINS 4/21/08 JOB ORDER ON SOX REPORT BUT WAS NOT COMPLETED UNTIL
07026240400	INSTALL 70'-2"PMMP	-	-	-	-	0.03%	$2,688.32	$2,529.30	$159.02	1/1/2008	12/31/2008	11/15/2007	3/4/2008	TWALKER/KY 04-16-09: JOB UNDER RUN DUE TO ONLY 2719' MAIN OF THE PLANNED
07026242800	INSTALL 170'-2"PMMP	-	-	-	-	0.05%	$3,571.31	$2,934.86	$636.45	1/1/2008	12/31/2008	12/13/2007	3/4/2008	TWALKER/KY 04-03-08: JOB UNDER RAN CREWS WERE ABLE TO BORE SECTION OF MAIN
06026178200	INSTALL 14,255'-4"& 2" PL	-	-	-	-	2.39%	$183,612.36	$178,238.65	$5,373.71	1/1/2008	12/31/2008	8/17/2006	3/7/2008	COMPLETION REPORT--SKETCH NOT REQUIRED. ZS
07026205900	INSTALL 4035' OF 2" PMMP MAIN	-	-	-	-	0.48%	$37,040.67	$43,741.31	-$6,700.64	1/1/2008	12/31/2008	4/19/2007	3/7/2008	INSTALLED 12' - 2" WTMP & 2" GV C-218
07026235100	INSTALL 165' OF 2"PM	-	-	-	-	0.10%	$7,908.98	$15,754.49	-$7,845.51	1/1/2008	12/31/2008	10/16/2007	3/11/2008	OVER RUN EXPLNATION: 241' MORE 4" PIPE WAS REQUIRED THAN ESTIMATED PLUS A
08026250200	INSTALL EFC (MERCURY MINI-AT)	-	-	-	-	0.02%	$1,894.80	$4,973.09	-$3,078.29	1/1/2008	12/31/2008	2/13/2008	3/13/2008	INSTALLED 250' - 2"PM
08026252900	INSTALL 12'-2"WTMP & 2" GV	-	-	-	-	0.09%	$7,203.04	$6,513.71	$689.33	1/1/2008	12/31/2008	3/4/2008	3/14/2008	JOB COMPLETED AFTER COMMIT DATE.
07026216200	RECOMMENDED FOR BCC 6/4/2"	-	-	-	-	1.13%	$86,736.52	$80,055.79	$6,680.73	1/1/2008	12/31/2008	6/20/2007	3/25/2008	JOB REGUIRED TO RETIRE 164 ADDITIONAL FOOTAGE OF 4" BARE STEEL MAIN
08026250500	INSTALL 180'- 2" PM	-	-	-	-	0.12%	$9,492.12	$5,763.58	$3,728.54	1/1/2008	12/31/2008	2/13/2008	3/27/2008	TWALKER/KY 04-15-08: JOB OVER RAN DUE TO AMOUNT OF ROCK WAS DOUBLE WHAT
07026227700	INSTALL 2235'-2"PMMP	-	-	-	-	0.27%	$20,511.88	$24,945.08	-$4,433.20	1/1/2008	12/31/2008	8/30/2007	3/31/2008	PIPELINE LAID OUTSIDE OF PAVED AREA. ESTIMATE INCLUDED PAVING COSTS
07026230500	INSTALL 1340' - 4" PMMP	-	-	-	-	0.78%	$59,852.10	$66,911.34	-$7,059.24	1/1/2008	12/31/2008	9/17/2007	4/9/2008	OVERRUN DUE TO INCREASED SEGA AND DIRECTIONAL BORE FOOTAGE.
07026234600	RELOCATE 500' OF 12" WTHP MAIN	-	-	-	-	1.56%	$120,442.59	$91,023.10	$29,419.49	1/1/2008	12/31/2008	10/10/2007	4/10/2008	KBOTKINS-PER JTOY LUMB SUM AND CREW RATE PAID BECAUSE WORK DONE ON
08026256300	INSTALL 232' - 2" PMMP	-	-	-	-	0.11%	$8,545.67	$11,389.17	-$2,843.50	1/1/2008	12/31/2008	3/28/2008	4/17/2008	KBOTKINS-PER JTOY LUMP SUM AND HOURLY RATE PAID BECAUSE REPAIR PLAN
07026205100	INSTALL 440' - 2" PMMP	-	-	-	-	0.18%	$13,773.88	$6,426.84	$7,347.04	1/1/2008	12/31/2008	4/17/2007	4/25/2008	OVERRUN DUE TO EXTRA DEPTH AT TIE-INS AND SEWER CROSSING AND ADDITIONAL
08026259100	INSTALL 40' PLP	-	-	-	-	0.16%	$12,075.16	$15,046.66	-$2,971.50	1/1/2008	12/31/2008	4/21/2008	4/29/2008	UNDER-RUN EXPLANATION: APPROXIMATELY 78 MAN-HOURS LABOR LESS WAS REQUIRED T
08026260400	INSTALL 50' PLP	-	-	-	-	0.08%	$5,833.69	$5,250.62	$583.07	1/1/2008	12/31/2008	4/30/2008	4/29/2008	ESTIMATED APPROPRIATELY USING CONTRACT CREW. IC ELECTED TO USE A COMPANY
08026254900	INSTALL 352' - 4" PL & WT IP	-	-	-	-	0.76%	$58,858.29	$28,465.69	$30,392.60	1/1/2008	12/31/2008	3/20/2008	4/30/2008	LAID 500+ FEET OF 2" PLA MAIN.
08026257000	INSTALL 125' - 2" PM	-	-	-	-	0.05%	$3,637.47	$8,627.73	-$4,990.26	1/1/2008	12/31/2008	3/28/2008	5/9/2008	INSTALLED 648' - 6" PMMP & 19' - 4" PMMP / TN
06026187000	INSTALL 1234'-2"PMMP MAIN	-	-	-	-	0.10%	$7,934.16	$24,139.41	-$16,205.25	1/1/2008	12/31/2008	11/13/2006	5/19/2008	ESTIMATED APPROPRIATELY USING A CONTRACT CREW. IC ELECTED TO USE COMPANY

07026215000	INSTALL 1120'-2"&4" PMMP	-	-	-	-	0.23%	$17,747.86	$13,853.49	$3,894.37	1/1/2008	12/31/2008	6/14/2007	5/23/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
07026211901	INSTALL 650' - 6" PMMP	-	-	-	-	1.38%	$106,158.32	$78,432.46	$27,725.86	1/1/2008	12/31/2008	10/24/2007	5/30/2008	INSTALLED 2 - 2INCH SST AND 2- 2INCH GV
07026208300	INSTALL 1583' -2",3" & 4" MP	-	-	-	-	0.51%	$39,211.50	$30,495.61	$8,715.89	1/1/2008	12/31/2008	5/11/2007	5/30/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
08026262800	INSTALL EFC (MERCURY MINI-AT)	-	-	-	-	0.01%	$683.32	$3,121.46	-$2,438.14	1/1/2008	12/31/2008	6/2/2008	6/3/2008	TWALKER/KY 07-22-08: PROJECT UNDER RAN DUE TO CKY NOT HAVING TO RESTORE
08026255900	INSTALL 2 EA 2" SST & 2" GV	-	-	-	-	0.13%	$9,937.95	$8,050.43	$1,887.52	1/1/2008	12/31/2008	3/25/2008	6/6/2008	PLAT REQUIRED FOR LOT FROM LAND SERVICES FROM RECORDED DEED BY TONY TIPTON.
08026258600	INSTALL EFC	-	-	-	-	0.02%	$1,830.01	$3,329.06	-$1,499.05	1/1/2008	12/31/2008	4/14/2008	6/9/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
08026255700	INSTALL 785' OF 4"PM	-	-	-	-	0.44%	$34,247.49	$61,149.96	-$26,902.47	1/1/2008	12/31/2008	3/24/2008	6/10/2008	OVERRUN EXPLANATION: MATERIAL OVER BECAUSE 300' FEET MORE PIPE THAN
07026220100	ACQUIRE NEW REG SITE	-	-	-	-	0.12%	$9,425.03	$7,941.00	$1,484.03	1/1/2008	12/31/2008	7/13/2007	6/10/2008	TWALKER/KY 06-20-08: JOB OVER RAN DUE TO CKY INSTALL EXTRA 320' OF MAIN
08026258400	INSTALL EFC	-	-	-	-	0.02%	$1,880.32	$3,329.06	-$1,448.74	1/1/2008	12/31/2008	4/14/2008	6/10/2008	TWALKER/KY 07-08-08: JOB UNDER RAN APPRX $20,000 BECAUSE PROJECT WAS
07026202400	REPLACE MAIN - LEAKAGE	-	-	-	-	1.14%	$87,591.13	$79,403.14	$8,187.99	1/1/2008	12/31/2008	3/19/2007	6/11/2008	PAID CONTRACTOR FOR 47" BORE WITH NO PIPE, PAID AS REGULAR BORE
07026227800	INSTALL 505' OF 4" PMMP MAIN	-	-	-	-	0.19%	$14,692.68	$11,039.69	$3,652.99	1/1/2008	12/31/2008	8/30/2007	6/12/2008	JOB WILL UNDER RUN DUE TO ALL MATERIALS/CONTRACTOR COST PAID ON JOB ORDER #
07026208600	RELOCATE/REPLACE 3" STEEL MAIN	-	-	-	-	0.58%	$44,588.09	$67,320.55	-$22,732.46	1/1/2008	12/31/2008	5/14/2007	6/20/2008	INCLEMENT WEATHER.
07026194200	INSTALL 1740'4" PL	-	-	-	-	1.21%	$93,269.55	$147,890.46	-$54,620.91	1/1/2008	12/31/2008	1/12/2007	6/25/2008	PROJECT OVER RUN DUE TO ADDITIONAL DIRECTIONAL BORE OF 2" & 8" + DUST TONAG
08026269600	INSTALL 30'-8"PMMP	-	-	-	-	0.00%	$196.94	$896.29	-$699.35	1/1/2008	12/31/2008	8/7/2008	7/2/2008	JOB UNDER RAN DUE TO COMPANY LABOR BEING LESS THAN ESTIMATED
04026982400	INSTALL 11460'-2"PMP MAIN	-	-	-	-	0.83%	$63,612.65	$58,292.06	$5,320.59	1/1/2008	12/31/2008	7/7/2004	7/7/2008	REPLACED VALVE
07026236600	INST 13000'-8"&1260'-2"PMMP	-	-	-	-	5.66%	$435,283.40	$504,041.19	-$68,757.79	1/1/2008	12/31/2008	10/25/2007	7/7/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
08026257300	INSTALL 56'-2"&4" PMIP	-	-	-	-	0.12%	$9,068.77	$10,980.12	-$1,911.35	1/1/2008	12/31/2008	4/1/2008	7/25/2008	JOB ORDER ESTIMATED TO USE CONTRACTOR FOR INSTALLATION, UNDER RUN DUE TO CO
08026258800	REPLACE CRIT. VLV C139-C	-	-	-	-	0.09%	$6,627.35	$9,193.91	-$2,566.56	1/1/2008	12/31/2008	4/17/2008	7/25/2008	HOURLY RATE FOR FINDING MAIN ON BENSON AVE. LOCATED MAIN IN STREET AND IN
08026266800	INSTALL EFC	-	-	-	-	0.03%	$2,265.91	$3,123.78	-$857.87	1/1/2008	12/31/2008	7/14/2008	7/25/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
08026264800	INSTALL 150'-2"PMMP GAS MAIN	-	-	-	-	0.04%	$3,114.25	$6,324.33	-$3,210.08	1/1/2008	12/31/2008	6/20/2008	7/28/2008	TRIED TO KEEP DRIVEWAY OPEN BY COMPLETING MAIN INSTALLATION IN THAT AREA,
07026228400	INSTALL 8895' 2" PMMP	-	-	-	-	6.49%	$499,682.26	$694,388.70	-$194,706.44	1/1/2008	12/31/2008	9/5/2007	7/29/2008	COMPLETION REPORT NO SKETCH REQUIRED.
08026271600	INSTALL MECHANICAL GAUGE	-	-	-	-	0.00%	$112.69	$51.47	$61.22	1/1/2008	12/31/2008	8/20/2008	7/30/2008	INSTALLED 106' 4" WTMP STEEL SERVICE LINE TO NEW BOILER PLANT BEHIND STATE
08026249700	RELOCATE 270' OF 2"PMMP MAIN	-	-	-	-	0.18%	$13,791.53	$15,007.42	-$1,215.89	1/1/2008	12/31/2008	2/12/2008	8/1/2008	OVERRUN EXPLANATION: JOB WAS PLANNED FOR INSTALLATION IN THE SOIL AT NORMAL
08026268500	REPLACE INLET/OUTLET VALVES	-	-	-	-	0.01%	$604.37	$1,537.98	-$933.61	1/1/2008	12/31/2008	7/28/2008	8/2/2008	COMPLETED FINAL TIE-IN AND INSTALLED CHART GUAGE, BEGINNING TEST AT 5:00 PM
08026263200	INSTALL 100'-4"WTMP S/L	-	-	-	-	0.31%	$23,720.20	$13,656.65	$10,063.55	1/1/2008	12/31/2008	6/6/2008	8/6/2008	TWALKER/KY 08-20-08: JOB UNDER RAN DUE TO CREWS WERE ABLE TO BORE SIDEWALK
07026193700	INSTALL/RELOCATE 80'-8"WTHP	-	-	-	-	1.02%	$78,237.66	$37,325.48	$40,912.18	1/1/2008	12/31/2008	1/10/2007	8/8/2008	PROJECT CAME IN UNDER BUDGET DUE TO FOLLOWING ITEMS: 1) OPEN TRENCHING METH
07026197100	INSTALL 2930' OF 2"& 4" PMMP	-	-	-	-	0.56%	$43,191.20	$48,445.11	-$5,253.91	1/1/2008	12/31/2008	1/25/2007	8/12/2008	UNDERRUN EXPLANATION: 1600 HOURS WAS INCORRECTLY ESTIMATED FOR A BACKHOE. T
07026226400	INSTALL 191' 4" PLP	-	-	-	-	0.10%	$7,976.91	$12,537.98	-$4,561.07	1/1/2008	12/31/2008	8/21/2007	8/13/2008	MET WITH BRIAN SLOAN AND BILL HARP TO REVIEW PROPOSED PROJECT.
07026234100	REPL LP MAIN, LEAKAGE 2"PMMP	-	-	-	-	0.58%	$45,012.29	$55,497.12	-$10,484.83	1/1/2008	12/31/2008	10/5/2007	8/13/2008	4" SERVICE TESTED VIA JO 07-0262165-00
08026256000	INSTALL 640' - 2" PMMP	-	-	-	-	0.11%	$8,207.34	$37,557.68	-$29,350.34	1/1/2008	12/31/2008	3/26/2008	8/14/2008	TWALKER/KY 06-12-09: JOB UNDER RUN TO PLANNED COMPANY LABOR 96 HOURS VS
08026252100	RELOCATE 655' OF 2"PMMP	-	-	-	-	0.19%	$14,682.26	$12,126.92	$2,555.34	1/1/2008	12/31/2008	2/25/2008	8/20/2008	TWALKER/KY 08-28-08: CKY WAS ABLE TO LOWER EXISTING PLASTIC MAIN IN PLACE
07026216700	INSTALL 115' - 3" PL SERVICE	-	-	-	-	0.03%	$2,436.40	$4,661.92	-$2,225.52	1/1/2008	12/31/2008	6/22/2007	8/21/2008	GSULLI1: UNDER RUN EXPLANATION: PROJECT ESTIMATING USING CONTRACT RESOURCES
07026215400	INSTALL 66'-6"LP & 72'-4"PM	-	-	-	-	0.55%	$42,659.68	$41,461.64	$1,198.04	1/1/2008	12/31/2008	6/15/2007	8/28/2008	TWALKER/KY 09-19-08: A TEMP REG STATION WAS USED FOR TIE IN TO AVOID SHUTTI

08026265200	RELOCATE 80' OF 4"PMMP	-	-	-	-	0.05%	$4,212.57	$7,818.65	-$3,606.08	1/1/2008	12/31/2008	6/25/2008	8/28/2008	JOB ORDER OVER RAN 1,610.95 DUE TO ESTIMATED ON 07 CONTRACT AND PAID ON
08026266100	INSTALL 620'-2"PMMP	-	-	-	-	0.11%	$8,500.22	$14,376.47	-$5,876.25	1/1/2008	12/31/2008	7/7/2008	9/4/2008	OPENED DITCH, BUT NO PIPE HAS BEEN LAID.
07026225900	25' 4" WTMP & 30' 2" PMMP	-	-	-	-	0.21%	$16,167.23	$12,029.40	$4,137.83	1/1/2008	12/31/2008	8/20/2007	9/4/2008	INSTALLED 300 FT PLASTIC MAIN
07026241600	RELOCATE 1800'-4"PMMP	-	-	-	-	0.70%	$54,045.31	$32,022.39	$22,022.92	1/1/2008	12/31/2008	12/3/2007	9/11/2008	INSTALLED 217FT OF "2 PLASTIC MAIN
07026236100	INSTALL 6500' OF 2" PMMP	-	-	-	-	0.61%	$47,222.80	$78,751.95	-$31,529.15	1/1/2008	12/31/2008	10/23/2007	9/17/2008	EXTENDED 2" PMP, 81' TO SERVE UNITS 3521 AND 3523 ON RABBITS FOOT TL.
08026269400	INST 300'-2"PMMP MAIN/PRIVATE	-	-	-	-	0.09%	$7,184.27	$7,717.10	-$532.83	1/1/2008	12/31/2008	8/6/2008	9/26/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
08026269500	INST 200'-2"PMMP	-	-	-	-	0.06%	$4,755.44	$5,838.10	-$1,082.66	1/1/2008	12/31/2008	8/6/2008	9/26/2008	TWALKER/KY 04-16-09: JOB OVER RAN BECAUSE COMPANY LABOR HOURS WERE 125 ACTU
08026276600	INSTALL 80'-2"PMMP	-	-	-	-	0.02%	$1,914.98	$1,882.95	$32.03	1/1/2008	12/31/2008	10/1/2008	10/2/2008	JOB OVER RAN BECAUSE IT WAS ESTIMATED ON CONTRACT UNITS WITH STANLEY
08026277600	INSTALL NEW EFC	-	-	-	-	0.04%	$3,073.53	$3,324.41	-$250.88	1/1/2008	12/31/2008	10/3/2008	10/6/2008	CONTRACTOR WAS LOOKING FOR MAIN IN STREET AND WAS UNABLE TO FIND THE
08026272100	INSTALL 18' OF 12"WTHP MAIN	-	-	-	-	0.48%	$36,747.93	$27,289.59	$9,458.34	1/1/2008	12/31/2008	8/22/2008	10/13/2008	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
08026245100	INSTALL 90'-2"&4"WTMP&WTIP	-	-	-	-	0.26%	$19,936.75	$14,629.17	$5,307.58	1/1/2008	12/31/2008	1/7/2008	10/17/2008	OVERRUN DUE TO POOR WEATHER...INCREASED FOOTAGE TO BRING VALVES INTO
08026274300	INSTALL 150'-2"PMMP	-	-	-	-	0.13%	$10,316.44	$4,968.53	$5,347.91	1/1/2008	12/31/2008	9/9/2008	10/23/2008	TWALKER/KY 04-16-09: JOB UNDER RAN DUE TO ALL MAIN WAS INSTALLED BY OPEN
08026274500	INSTALL EFC	-	-	-	-	0.03%	$2,647.14	$4,114.33	-$1,467.19	1/1/2008	12/31/2008	9/12/2008	10/23/2008	CONTRACT LABOR OVERRAN BECAUSE ROCK WAS UNDER ESTIMATED. DUE TO THIS
08026261300	INSTALL 90'/4" PMIP	-	-	-	-	0.51%	$39,482.92	$13,329.77	$26,153.15	1/1/2008	12/31/2008	5/16/2008	10/29/2008	TWALKER/KY 11-10-08: JOB UNDER RAN DUE TO PLANNED 160' FOR ROCK BORE
08026260800	INSTALL 1250' OF 2"PMMP	-	-	-	-	0.32%	$24,496.15	$26,073.35	-$1,577.20	1/1/2008	12/31/2008	5/1/2008	11/4/2008	JOB WAS ORIGINALLY ON JOB TYPE 583 JOB ORDER NUMER 08-0262640-00
07026227900	REPLACE MAIN - LEAKAGE	-	-	-	-	2.48%	$190,953.49	$127,314.88	$63,638.61	1/1/2008	12/31/2008	8/31/2007	11/4/2008	INCORRECT 12" SPHERICALS ORDERED (SSN 42-25-338) RE-ORDERED
08026272300	INSTALL 450' OF 12"WTHP MAIN	-	-	-	-	1.25%	$96,396.02	$111,083.64	-$14,687.62	1/1/2008	12/31/2008	8/25/2008	11/5/2008	TWALKER/KY 10-17-08: NO SKETCH FOR COMPLETION REPORT.
09026286800	INSTALL NEW REG STAT	-	-	-	-	0.90%	$69,315.13	$88,804.53	-$19,489.40	1/1/2008	12/31/2008	1/8/2009	11/7/2008	TWALKER/KY 04-16-09: JOB UNDER RAN DUE TO NO ROCK ONSITE AND EXPECTED OTHER
07026234300	REPLACE MAIN - LEAKAGE	-	-	-	-	27.62%	$2,125,589.00	$2,044,044.04	$81,544.96	1/1/2008	12/31/2008	10/5/2007	11/11/2008	TWALKER/KY 06-18-09: PROJECT WILL UNDER RUN DUE TO SLOW DOWN IN ECOMONY AND
07026212300	INSTALL NEW METAL BUILDING	-	-	-	-	0.22%	$16,780.61	$19,753.00	-$2,972.39	1/1/2008	12/31/2008	6/4/2007	11/13/2008	RECTIFIER AND GROUNDBED INSTALLED
08026268700	INSTALL 262' OF 6"PMMP MAIN	-	-	-	-	0.17%	$12,934.16	$17,999.98	-$5,065.82	1/1/2008	12/31/2008	7/28/2008	11/18/2008	REPAIRED SERVICE
08026265900	INSTALL 1800'-2"PMMP MAIN	-	-	-	-	0.24%	$18,215.98	$31,881.17	-$13,665.19	1/1/2008	12/31/2008	7/2/2008	11/19/2008	REQUIRED KDOT PERMIT - UNABLE TO START PROJECT UNTIL PERMIT RECEIVED.
08026268400	RECTIFIER/GROUNDBED INSTALL	-	-	-	-	0.12%	$9,109.38	$41,273.02	-$32,163.64	1/1/2008	12/31/2008	7/28/2008	11/19/2008	JOB OVERRAN DUE TO CONSTRUCTION INSTALLING 255 FEET BY DIRECTIONAL BORE
08026260200	INSTALL 627-M BYPASS REG	-	-	-	-	0.01%	$1,090.39	$2,570.74	-$1,480.35	1/1/2008	12/31/2008	4/29/2008	11/21/2008	INSTALLED FISHER 1805-19 RELIEF VALVE 150.0 DESIGN PRESSURE
08026278600	INSTALL 115' - 2" PMMP	-	-	-	-	0.01%	$1,135.09	$3,087.85	-$1,952.76	1/1/2008	12/31/2008	10/13/2008	11/25/2008	INSTALLED 1"RELIEF VALVE 1805-10 SPRING 10-75 PSIG SET 50.0 PSIG
08026278700	INSTALL 335'-2"PMMP	-	-	-	-	0.06%	$4,758.65	$4,386.76	$371.89	1/1/2008	12/31/2008	10/15/2008	12/1/2008	TWALKER/KY 12-11-08: JOB UNDER RAN DUE TO CUST REQUESTING CKY NOT TO PIPE
08026277000	INSTALL 1" RELIEF VALVE	-	-	-	-	0.01%	$412.18	$1,222.66	-$810.48	1/1/2008	12/31/2008	10/2/2008	12/8/2008	THE 6" SST AND 6" SPH WAS INSTALLED BY COMPANY WELDER DID NOT PAY
08026277100	INSTALL 1" RELIEF VALVE	-	-	-	-	0.01%	$468.38	$1,222.66	-$754.28	1/1/2008	12/31/2008	10/2/2008	12/8/2008	COMPLETION/NO SKETCH REQUIRED
07026198600	INSTALL NEW 2"-4"-6"PMMP	-	-	-	-	1.18%	$90,878.21	$82,199.84	$8,678.37	1/1/2008	12/31/2008	2/13/2007	12/9/2008	INCLEMENT WEATHER.
08026248300	INSTALL 10,046'2",3"& 4"PMMP	-	-	-	-	6.18%	$475,415.11	$441,138.05	$34,277.06	1/1/2008	12/31/2008	1/30/2008	12/9/2008	JOB ORDER WAS STARTED BY COMMIT DATE.
08026246300	REPL RECORDING GAUGE	-	-	-	-	0.03%	$2,098.09	$2,058.27	$39.82	1/1/2008	12/31/2008	1/9/2008	12/11/2008	INSTALL 424' OF 4" PLASTIC PIPELINE
08026246800	INSTALL 1050' OF 2"PMMP	-	-	-	-	0.13%	$10,341.47	$19,075.95	-$8,734.48	1/1/2008	12/31/2008	1/11/2008	12/12/2008	TWALKER/KY 01-12-09: JOB OVER RAN DUE TO DELAY IN TIME RELEASED FROM CONSTR
08026264600	INSTALL 600'-2"PMMP	-	-	-	-	0.27%	$20,486.96	$28,537.27	-$8,050.31	1/1/2008	12/31/2008	6/19/2008	12/15/2008	INSTALLED NEW HEATER BOND AND BRANHAM
08026257500	INSTALL 250' OF 4"PM - LEAKAGE	-	-	-	-	0.53%	$40,616.69	$19,846.98	$20,769.71	1/1/2008	12/31/2008	4/2/2008	12/15/2008	TWALKER/KY 04-16-09: PROJECT OVER RAN DUE TO DELAYS FROM LFUCG CITY GOVERNM
07026193200	REPLACE MAIN - LEAKAGE	-	-	-	-	5.23%	$402,787.96	$354,779.02	$48,008.94	1/1/2008	12/31/2008	1/8/2007	12/16/2008	INSTALLED 349' - 2" PLASTIC MAIN
08026282400	REPLACE CATALYTIC HEATER	-	-	-	-	0.02%	$1,908.58	$2,482.69	-$574.11	1/1/2008	12/31/2008	11/12/2008	12/16/2008	INSTALLED 10' OF 6" PLASTIC PIPE(INSULLATOR)
08026254300	INSTALL 1700' OF 2"/4"PMMP	-	-	-	-	1.34%	$103,015.07	$73,973.54	$29,041.53	1/1/2008	12/31/2008	3/17/2008	12/17/2008	INCLEMENT WEATHER.

08026267700	INSTALL 400' OF 2"PM MAIN	-	-	-	-	0.14%	$11,058.87	$17,010.39	-$5,951.52	1/1/2008	12/31/2008	7/23/2008	12/24/2008	TWALKER/KY 01-13-09: JOB OVER RAN DUE TO AMOUNT OF ROCK ENCOUNTER ONSITE
08026277700	INSTALL 10' OF 6" PIF	-	-	-	-	0.08%	$6,370.82	$6,212.06	$158.76	1/1/2008	12/31/2008	10/6/2008	12/31/2008	REPLACED 28' OF 4" BARE STEEL MAIN
							2008 Construction Project Budget	**$7,696,345.39**						ESTIMATED FOR INSERTION OF PIPE LINE FOR LARGE PART OF PROJECT. CONSTRUCTIO
08026283800	INSTALL 80' OF 4"PM	-	-	-	-	0.08%	$4,668.57	$4,853.18	-$184.61	1/1/2009	12/31/2009	12/3/2008	1/8/2009	UNDERRUN DUE TO COMPANY LABOR INSTALLATION VS CONTRACTOR ESTIMATED.
08026251500	REPLACE 85'OF 4" EXPOSED MAIN	-	-	-	-	0.32%	$18,221.11	$10,321.42	$7,899.69	1/1/2009	12/31/2009	2/21/2008	1/9/2009	JOB OVER RAN DUE TO THE FOLLOWING: PART OF INSTALLATION HAD TO BE DONE IN
09026286200	REPLACE MAIN - LEAKAGE	-	-	-	-	0.07%	$3,745.06	$3,931.88	-$186.82	1/1/2009	12/31/2009	1/7/2009	1/16/2009	EXTRA BORE PAID 40' OF 2 INCH
08026252500	REPL 5210'-2"PMMP/12'-4"	-	-	-	-	3.98%	$226,239.42	$308,869.27	-$82,629.85	1/1/2009	12/31/2009	2/28/2008	1/19/2009	RELOCATED 4" MAIN
08026285700	INSTALL 200' - 4" PMIP	-	-	-	-	0.04%	$2,525.18	$3,573.68	-$1,048.50	1/1/2009	12/31/2009	12/22/2008	1/21/2009	JOB OVER RUN COMMENTS: LAND SERVICES CONTRACT ITEMS WERE ESTIMATED AT
08026273000	INSTALL 1600'-2"PMMP	-	-	-	-	0.54%	$30,547.61	$20,354.35	$10,193.26	1/1/2009	12/31/2009	9/2/2008	1/23/2009	TWALKER/KY 02-10-09: JOB UNDER RAN DUE TO NO ROCK HIT DURING CONSTRUCTION
08026247900	INSTALL 12500'-2" & 4" PMMP	-	-	-	-	10.66%	$606,089.32	$450,330.65	$155,758.67	1/1/2009	12/31/2009	1/28/2008	1/27/2009	REPLACED 400 FT OLD ST MAIN
07026228900	RELOCATE 400' OF LP MAIN	-	-	-	-	0.41%	$23,086.38	$17,917.69	$5,168.69	1/1/2009	12/31/2009	9/7/2007	1/29/2009	INSTALLED 225 FT 4 IN PL MAIN
08026260701	INSTALL 4400'4"PMMP BETTERMENT	-	-	-	-	1.79%	$101,554.37	$89,961.09	$11,593.28	1/1/2009	12/31/2009	9/19/2008	2/2/2009	TWALKER/KY 02-16-09: JOB OVER RAN DUE TO ICE AND STORM STORM WHICH DELAYED
08026283300	INSTALL 2200' OF 2"PMMP	-	-	-	-	0.39%	$22,041.30	$27,839.91	-$5,798.61	1/1/2009	12/31/2009	11/25/2008	2/3/2009	INSTALLED NEW 8" HP STEEL MAIN
08026280700	INSTALL 400' - 4" PM	-	-	-	-	0.74%	$42,142.99	$33,401.01	$8,741.98	1/1/2009	12/31/2009	11/3/2008	2/11/2009	COMPLETION REPORT--NO SKETCH REQUIRED. ZS
09026286500	INSTALL 260' - 4" PM	-	-	-	-	0.36%	$20,518.58	$14,700.72	$5,817.86	1/1/2009	12/31/2009	1/8/2009	2/11/2009	INSTALLED 369' - 2" PMMP & 4' - 3" WTMP
07026218200	6'-4" WTMP & 78'-4" PMMP	-	-	-	-	0.31%	$17,795.86	$12,528.95	$5,266.91	1/1/2009	12/31/2009	6/28/2007	2/12/2009	OVERRUN DUE TO EXTRA SAND / STONE. UNABLE TO USE SPOIL FROM DITCH.JMP
07026204200	INSTALL 160'-8"WTHP	-	-	-	-	1.12%	$63,433.18	$32,652.79	$30,780.39	1/1/2009	12/31/2009	4/3/2007	2/24/2009	HOURL PAID FOR STEEL GOING TO RS 1108
08026284300	INSTALL EFC	-	-	-	-	0.09%	$5,196.68	$3,117.35	$2,079.33	1/1/2009	12/31/2009	12/8/2008	2/24/2009	INSTALLED 28' - 3" PLASTIC MAIN
08026258100	INSTALL 392' - 2" PMMP	-	-	-	-	0.40%	$22,708.98	$21,673.37	$1,035.61	1/1/2009	12/31/2009	4/10/2008	3/4/2009	EQUIPMENT FAILURE, WAITING FOR REPAIR PARTS.
08026278900	RELOCATE 470' 3"&4" PMMP MAIN	-	-	-	-	0.68%	$38,623.86	$22,637.47	$15,986.39	1/1/2009	12/31/2009	10/17/2008	3/4/2009	JOB OVERRAN-JOB WAS ESTIMATED TO DO DIRECTONAL BORE ON NICHOLASVILLE RD
07026231300	INSTALL 10069'-4"&6"PMMP	-	-	-	-	9.04%	$514,014.95	$404,887.59	$109,127.36	1/1/2009	12/31/2009	9/21/2007	3/11/2009	TWALKER/KY 03-19-09: NO SKETCH FOR COMPLETION REPORT.
07026231700	INSERT 40' OF 3"PM MAIN	-	-	-	-	0.08%	$4,284.60	$5,264.17	-$979.57	1/1/2009	12/31/2009	9/25/2007	3/11/2009	HARD COPIES ARE NEEDED.
08026280300	INSTALL 250'-2"PMMP	-	-	-	-	0.21%	$12,058.41	$7,471.18	$4,587.23	1/1/2009	12/31/2009	10/28/2008	3/12/2009	TWALKER/KY 03-26-09: JOB UNDER RUN DUE TO CITY OF FRANKFORT WILL BE REPAVIN
08026253700	INSTALL 7443'-2",4",6"&8"PMMP	-	-	-	-	9.49%	$539,876.19	$367,143.05	$172,733.14	1/1/2009	12/31/2009	3/6/2008	3/12/2009	JOB OVER RAN DUE TO THE FOLLOWING: JOB ESTIMATED FOR 10% ROCK AND
09026288100	INSTALL NEW FENCE AT REG #1640	-	-	-	-	0.06%	$3,629.01	$3,638.69	-$9.68	1/1/2009	12/31/2009	1/27/2009	3/18/2009	SYSTEM UPGRADE AND INSTALLED 2" CRITICAL VALVE
08026275900	INSTALL 385'-2"PMIP	-	-	-	-	0.22%	$12,642.00	$7,628.63	$5,013.37	1/1/2009	12/31/2009	9/26/2008	3/23/2009	PROJECT OVER RAN DUE TO LAND SERVICES BEING $7K HIGHER THAN ESTIMATED. THIS
07026232900	REPLACE MAIN - LEAKAGE	-	-	-	-	0.78%	$44,387.43	$79,531.82	-$35,144.39	1/1/2009	12/31/2009	9/28/2007	3/25/2009	ACQUIRED NEW SITE FOR EXISTING REG STATION 1030. EXHIBIT DRAWING ATTACHED.
09026288000	INSTALL 510' 2" PMMP	-	-	-	-	0.26%	$14,638.25	$9,582.23	$5,056.02	1/1/2009	12/31/2009	1/26/2009	3/31/2009	INSTALLED 326' OF 4" PLASTIC MAIN & 274' OF 2" PLASTIC MAIN
08026264300	INSTALL NEW 2" CRITICAL VALVE	-	-	-	-	0.08%	$4,500.07	$3,457.23	$1,042.84	1/1/2009	12/31/2009	6/17/2008	3/31/2009	INSTALLED 2630' OF 4" PLASTIC MAIN & 350' OF 2" PLASTIC MAIN
07026217400	REPLACE 188'-2"PLP	-	-	-	-	0.35%	$20,051.11	$12,715.36	$7,335.75	1/1/2009	12/31/2009	6/26/2007	4/1/2009	RELOCATED EXISTING MAIN, ABANDONED THE OLD MAIN.
08026259800	NEW SITE FOR REG STA 1213	-	-	-	-	0.32%	$18,319.61	$14,074.00	$4,245.61	1/1/2009	12/31/2009	4/28/2008	4/3/2009	REPLACED 6" BARE STEEL MAIN WITH 12" COATED STEEL.
05026111600	INSTALL 9600'-4"&2" PMMP MAIN	-	-	-	-	1.61%	$91,395.59	$72,930.65	$18,464.94	1/1/2009	12/31/2009	4/8/2005	4/8/2009	TWALKER/KY 04-30-09: PROJECT OVER RUN DUE TO COLD TEMPS AND RAIN WHICH
08026284900	INSTALL 2900'-2"&4"PMMP	-	-	-	-	0.71%	$40,104.88	$51,604.62	-$11,499.74	1/1/2009	12/31/2009	12/12/2008	4/8/2009	REPLACED 13' OF 3" STEEL MAIN WITH 3" PLASTIC PIPE WORK COMPLETED 4/22 &
08026276400	INSTALL 260' OF 4"PMMP	-	-	-	-	0.26%	$14,947.53	$19,278.98	-$4,331.45	1/1/2009	12/31/2009	10/1/2008	4/13/2009	REPLACED MAINS ON MORRISON AVE & GRANARD AVE
07026233500	* AMRP * INSTALL 1961'-12"WTHP	-	-	-	-	5.08%	$289,108.06	$288,824.27	$283.79	1/1/2009	12/31/2009	10/4/2007	4/21/2009	CGI, NEW CURBS, SIDEWALK AND WHEEL CHAIR RAMPS HAVE RECENTLY BEEN POURED.
07026211500	INSERT 628' OF 4"PMMP MAIN	-	-	-	-	0.63%	$35,959.09	$31,369.91	$4,589.18	1/1/2009	12/31/2009	5/30/2007	4/28/2009	CONTRACTOR PAID HOURLY FOR JOB, NO PAY ITEM TO INSERT 4" PLASTIC PIPE INTO
09026293600	INSTALL 20' OF 3"PM-LEAKAGE	-	-	-	-	0.09%	$5,079.29	$6,931.11	-$1,851.82	1/1/2009	12/31/2009	4/23/2009	5/8/2009	TWALKER/KY 06-10-09: NO SKETCH FOR COMPLETION REPORT.

09026289200	INSTALL 750' OF 4"PM MAIN	-	-	-	-	0.56%	$31,626.83	$42,572.09	-$10,945.26	1/1/2009	12/31/2009	2/9/2009	5/12/2009	REPLACED 20' OF 4" STEEL MAIN WITH 4" PLASTIC PIPE WORK DONE ON 6/9, 6/10
09026294000	INSTALL 200' OF 2"PMMP	-	-	-	-	0.10%	$5,610.17	$7,180.43	-$1,570.26	1/1/2009	12/31/2009	4/24/2009	5/13/2009	INSTALLED 6" PLASTIC MAIN
09026293100	INST 390'-2"PM	-	-	-	-	0.50%	$28,659.13	$35,274.76	-$6,615.63	1/1/2009	12/31/2009	4/15/2009	6/8/2009	INSTALLED NEW 2" PLASTIC MAIN TO INSIGHT GENERATOR
09026294600	INSTALL NEW FENCE AT REG# 1594	-	-	-	-	0.02%	$862.61	$2,421.00	-$1,558.39	1/1/2009	12/31/2009	4/29/2009	6/10/2009	COMPLETION REPORT ONLY NO SKETCH REQUIRED.
09026301000	REPLACE MAIN - LEAKAGE	-	-	-	-	0.19%	$10,724.83	$13,583.70	-$2,858.87	1/1/2009	12/31/2009	6/9/2009	6/11/2009	JOB UNDER RUN DUE TO THE FOLLOWING: AFTER CONSULTATION WITH CONSTRUCTION
09026294300	INSTALL 90' OF 6"PMMP	-	-	-	-	0.18%	$10,443.63	$16,491.95	-$6,048.32	1/1/2009	12/31/2009	4/28/2009	6/15/2009	INSTALLED 6" PLASTIC MAIN
09026287800	INSTALL 275' OF 2"PMMP	-	-	-	-	0.33%	$18,703.77	$17,555.86	$1,147.91	1/1/2009	12/31/2009	1/23/2009	6/17/2009	TWALKER/KY-07-27-09: JOB UNDER RUN DUE TO NO ROCK DURING CONSTRUCTION AS
09026299700	INSTALL NEW PRIVACY FENCE	-	-	-	-	0.03%	$1,975.72	$1,789.00	$186.72	1/1/2009	12/31/2009	5/21/2009	6/19/2009	TWALKER/KY 07-27-09: JOB OVER RAN DUE TO AMERICAN WIRE-CUSTOMER UNABLE
09026289400	INSTALL 1636'-2"PMMP	-	-	-	-	1.13%	$64,504.83	$99,230.38	-$34,725.55	1/1/2009	12/31/2009	2/11/2009	7/13/2009	RAN 42' 4" STEELE CASEING UNDER LEXINGTON AV, ENTIRE SERVICE IS 3' PLASTIC.
09026297400	INSTALL 50' OF 6"PM MAIN	-	-	-	-	0.14%	$8,043.50	$8,852.86	-$809.36	1/1/2009	12/31/2009	5/11/2009	7/15/2009	MATERIALS OVERRUN COST DUE TO LOCAL PURCHASE OF HP FITTINGS FOR BY-PASS, NO
07026236200	INSTALL 5375' OF 2" PMMP MAIN	-	-	-	-	0.88%	$50,244.72	$68,045.24	-$17,800.52	1/1/2009	12/31/2009	10/24/2007	7/22/2009	JOB OVER RAN DUE TO THE FOLLOWING: DECISION MADE IN THE FIELD TO INSTALL
09026300500	INSTALL NEW 4" STEEL S/L	-	-	-	-	0.39%	$22,411.14	$9,491.29	$12,919.85	1/1/2009	12/31/2009	6/2/2009	7/23/2009	PIPELINE WORK COMPLETED ON 08/06/09 - PAPERWORK COMPLETED ON 09/03/09
09026300700	INST 180'-3"PM S/L NBL	-	-	-	-	0.12%	$6,936.33	$14,600.60	-$7,664.27	1/1/2009	12/31/2009	6/5/2009	7/28/2009	UNDERRAN DUE COMPANY CREW DOING THE WORK INSTEAD OF CONTRACTOR AS ESTIMATED
09026302200	INST 150'-1/2/4"WTHP MAIN	-	-	-	-	0.88%	$50,170.21	$27,362.29	$22,807.92	1/1/2009	12/31/2009	6/17/2009	8/31/2009	UNDERRUN DUE TO REDUCED NUMBER OF SERVICE LINE RECONNECTS VS REPLACEMENT
09026304000	INSTALL 120'-2"PMMP	-	-	-	-	0.24%	$13,902.33	$8,858.40	$5,043.93	1/1/2009	12/31/2009	7/1/2009	8/31/2009	TWALKER/KY 10-14-09: JOB OVER RUN DUE TO LOCATION OF LEAK AT OFF SET IN
09026308500	INSTALL 156' - 2" PMIP	-	-	-	-	0.08%	$4,799.99	$8,290.63	-$3,490.64	1/1/2009	12/31/2009	8/10/2009	9/3/2009	JOB OVER RAN DUE TO THE FOLLOWING: PART OF THIS INSTALLATION WAS DONE
04026995100	INSTALL APPROX 1295'-4"PL	-	-	-	-	0.80%	$45,708.45	$64,371.61	-$18,663.16	1/1/2009	12/31/2009	10/26/2004	9/15/2009	OVERRUN WAS HOURLY PAID TO LOCATE AND TEST EXISTING 2" PLASTIC. (ACCORDING
08026269800	INSTALL 3871' - 2" PMMP	-	-	-	-	2.60%	$147,907.66	$133,290.78	$14,616.88	1/1/2009	12/31/2009	8/7/2008	9/16/2009	UNDERRUN APPEARS TO BE BECAUSE OF NO ROCK PAID/ENCOUNTERED AS ESTIMATED.
09026292900	INSERT 101' OF 3"PM LP MAIN	-	-	-	-	0.34%	$19,457.72	$9,305.56	$10,152.16	1/1/2009	12/31/2009	4/15/2009	9/17/2009	JOB UNDER RAN DUE TO LESS LABOR HOURS, DIRECTIONAL BORE FOR SIX LANES OF
09026292100	INSTALL 405'-6"&2"PMMP	-	-	-	-	0.90%	$50,904.43	$44,798.26	$6,106.17	1/1/2009	12/31/2009	4/1/2009	9/17/2009	TOTAL PROJECT COMPLETE 10/1/09
09026302500	INSTALL 540' - 2" PMIP MAIN	-	-	-	-	0.28%	$16,041.27	$9,119.09	$6,922.18	1/1/2009	12/31/2009	6/22/2009	9/28/2009	INSTALL SOLAR PANEL RECTIFIER TO PIPE INSIDE CASING TO RAISE READINGS.
07026228600	INSTALL 740' - 8" PMMP MAIN	-	-	-	-	1.12%	$63,789.22	$69,162.76	-$5,373.54	1/1/2009	12/31/2009	9/5/2007	9/29/2009	TWALKER/KY 10-13-09: 76' OF 4" WTHP MAIN ALONG WITH TIE INS WAS PAID HOURLY
09026310300	INSTALL 500' - 2" PMMP MAIN	-	-	-	-	0.18%	$10,401.38	$14,394.82	-$3,993.44	1/1/2009	12/31/2009	8/28/2009	9/30/2009	BAGGED OFF LINE TO ASSIST M&R DEPT
08026270400	INSTALL 2621' - 2" PMMP	-	-	-	-	2.51%	$142,998.80	$88,007.69	$54,991.11	1/1/2009	12/31/2009	8/12/2008	10/1/2009	UNDERRUN DUE TO NO ROCK EXCAVATED AS ESTIMATED
09026309300	INSTALL SOLAR RECTIFIER	-	-	-	-	0.09%	$5,259.69	$5,127.99	$131.70	1/1/2009	12/31/2009	8/19/2009	10/2/2009	S/N 19031867 3/8 ORFICE 5-20 PSIG SPRING SET AT 12.0 PSIG
08026272600	INSTALL 2900'-12"WTHP & 8"PMMP	-	-	-	-	16.23%	$923,012.13	$710,474.77	$212,537.36	1/1/2009	12/31/2009	8/28/2008	10/7/2009	CHECKED ACCOUNTS AFTER LP MAIN WAS BAGGED OFF ,NO OUTAGES OK.
09026306600	INSTALL NEW REGULATORS	-	-	-	-	0.22%	$12,666.84	$9,486.79	$3,180.05	1/1/2009	12/31/2009	7/28/2009	10/8/2009	TWALKER/KY 11-09-09: JOB UNDER RUN DUE TO MILLER PIPELINE BORING MOST
09026311600	INSTALL 750' - 2" PMMP MAIN	-	-	-	-	0.25%	$14,406.80	$16,677.35	-$2,270.55	1/1/2009	12/31/2009	9/22/2009	10/29/2009	LP SECTION IN-SERVICE 9-10-09, MP IN-SERVICE 10-21-09 PER RHUMPHREYS.
09026299500	INSTALL F-627-M/627-R	-	-	-	-	0.03%	$1,943.87	$2,697.25	-$753.38	1/1/2009	12/31/2009	5/20/2009	10/30/2009	TWALKER/KY 03-17-10: PROJECT OVER RUN DUE TO ADDITIONAL $5000 SEGA COST
08026267900	INST 264'-4"PMMP	-	-	-	-	0.30%	$16,968.04	$18,413.32	-$1,445.28	1/1/2009	12/31/2009	7/25/2008	11/2/2009	TWALKER/KY 12-01-09: JOB UNDER RUN BECAUSE WE WERE ABLE TO DIRECTIONAL BORE
08026267500	AMRP * INSTALL 19000'-2"/4" MN	-	-	-	-	10.99%	$625,139.09	$572,598.52	$52,540.57	1/1/2009	12/31/2009	7/21/2008	11/6/2009	INSTALLED 339' OF 2"PMMP
07026227401	INSTALL 1325' OF 6" LP/MP MN	-	-	-	-	3.79%	$215,535.73	$120,582.92	$94,952.81	1/1/2009	12/31/2009	6/4/2009	11/12/2009	INSERTED 102' 4" PLASTIC LP MAIN
08026281900	INSTALL 650' OF 8"PMMP	-	-	-	-	0.79%	$45,191.66	$38,424.21	$6,767.45	1/1/2009	12/31/2009	11/10/2008	11/13/2009	TWALKER/KY 12-09-09: JOB OVER RUN DUE TO CORRISON DEPT CHANGING LOCATION
09026314600	INSTALL 150' OF 2"PMMP	-	-	-	-	0.09%	$5,242.76	$9,147.51	-$3,904.75	1/1/2009	12/31/2009	10/29/2009	11/30/2009	2" IN-SERVICE 10/28/09 PER RWILL12. ALREADY HAD IN-SERVICE DATE OF

09026309700	INSTALL 270'-2"PMMP	-	-	-	-	0.07%	$4,003.31	$4,135.55	-$132.24	1/1/2009	12/31/2009	8/25/2009	12/3/2009	FILLED IN FOR JEFF MOBLEY WHO WAS OFF SICK TODAY.
09026296700	INSERT 101' OF 4"PM MAIN	-	-	-	-	0.22%	$12,243.30	$9,505.48	$2,737.82	1/1/2009	12/31/2009	5/8/2009	12/3/2009	RON WILLIAMS HAS COMPLETED THIS ORDER.
09026306000	INSTALL 2-8" WELD INSULATORS	-	-	-	-	0.78%	$44,341.40	$40,539.57	$3,801.83	1/1/2009	12/31/2009	7/24/2009	12/4/2009	IN SERVICE 12-17-09 PER DOUG KINDER
09026308200	INSTALL 1150' OF 2"/4" LP/MP	-	-	-	-	2.18%	$123,785.97	$116,034.13	$7,751.84	1/1/2009	12/31/2009	8/10/2009	12/8/2009	RCVD FROM FIELD 1-22-10
08026259600	4545'-8"WTHP, 1900'-6"&4"PMMP	-	-	-	-	14.67%	$834,499.89	$633,213.39	$201,286.50	1/1/2009	12/31/2009	4/25/2008	12/18/2009	6" PL IN SERVICE 1-13-10 PER DKINDER.
07026232400	INSTALL 2850' OF 2"/4" ST/PMMP	-	-	-	-	2.73%	$155,248.93	$91,836.24	$63,412.69	1/1/2009	12/31/2009	9/25/2007	12/21/2009	INSERTED 2 " PLASTIC THROUGH THE OLD 4" C.I. CASING.
09026305400	INSTALL 50' OF 3"PM S/L	-	-	-	-	0.17%	$9,392.47	$8,695.47	$697.00	1/1/2009	12/31/2009	7/20/2009	12/22/2009	NEW MAIN @ DUDLEY AND FONTAINE IS IN SERVICE 09 0262955-00DREFFET.
							2009 Construction Project Budget	**$5,686,639.77**						GAS ON MAIN AT 200 BOILING SPRINGS DR @ MEADOWTHORPE DR 1/20/10 RHUMPHR.
09026318600	INSTALL 100' - 2" PMIP	-	-	-	-	0.12%	$2,447.87	$2,189.80	$258.07	1/1/2010	12/31/2010	12/14/2009	1/18/2010	IN SERVICE 1-28-10 PER ALLEN KELLEY
09026310900	INST 184'-6"PIF - PMMP	-	-	-	-	0.86%	$18,151.44	$18,507.25	-$355.81	1/1/2010	12/31/2010	9/14/2009	1/18/2010	GAS IS ON NEW MAIN, SPRINGRIDGE DR 09-0263164-00DREFFET 1/28/10.
09026291600	INSTALL 1250' OF 2"/6"/8" MAIN	-	-	-	-	3.13%	$65,735.79	$82,407.49	-$16,671.70	1/1/2010	12/31/2010	3/17/2009	1/19/2010	REPAIRED LEAKAGE AREA ON O&M JO BY COMPANY CREW
09026295500	INSTALL70'-4" PMLP	-	-	-	-	1.06%	$22,218.77	$6,011.07	$16,207.70	1/1/2010	12/31/2010	5/5/2009	1/25/2010	CLEARED SHORT ON INSULATOR 01/12/10 BY TNEWMAN / CJHUGHES
09026295700	INSTALL 80'-4"PMLP	-	-	-	-	0.77%	$16,173.18	$6,927.42	$9,245.76	1/1/2010	12/31/2010	5/5/2009	1/27/2010	PROJECT OVERRAN BECAUSE 196 HOUR WERE REQUIRED VS THE 40 HOURS INDICATED BY
09026314100	INSTALL 105'-4"PMLP BETTERMENT	-	-	-	-	0.63%	$13,314.92	$15,769.03	-$2,454.11	1/1/2010	12/31/2010	10/26/2009	1/29/2010	INSTALLED NEW 3" SERVICE
09026316400	INSTALL 44' OF 4"PM MAIN	-	-	-	-	0.93%	$19,532.34	$10,692.35	$8,839.99	1/1/2010	12/31/2010	11/20/2009	2/5/2010	IN-SERVICE 3-16-10 PER JROSSER.
09026317300	INSTALL 496' - 2" PM MAIN	-	-	-	-	1.74%	$36,654.03	$24,187.26	$12,466.77	1/1/2010	12/31/2010	12/3/2009	2/5/2010	IN-SERVICE 3/9/10 PER CHRIS HUNGATE.
09026315800	INSTALL 6" PIF	-	-	-	-	0.07%	$1,452.24	$4,401.40	-$2,949.16	1/1/2010	12/31/2010	11/13/2009	2/9/2010	IN-SERVICE 3-11-10 PER TNEWMAN.
09026309500	INSTALL 304'-2"&8"PMMP	-	-	-	-	2.86%	$60,134.13	$28,722.00	$31,412.13	1/1/2010	12/31/2010	8/24/2009	2/15/2010	IN SERVICE 3/17/10 PER CHUNGATE.
10026320100	INSTALL 75' - 3" PM SERVICE	-	-	-	-	0.31%	$6,482.33	$5,412.56	$1,069.77	1/1/2010	12/31/2010	1/7/2010	3/15/2010	IN-SERVICE 3-29-10 PER CHUNGAT.
10026325000	INSTALL 290'-2"PMMP	-	-	-	-	0.23%	$4,734.04	$6,825.46	-$2,091.42	1/1/2010	12/31/2010	3/10/2010	3/16/2010	JOB WAS WORKED IN TWO PHASES. THE FOLLING ARE REASONS FOR OVER RUN.
09026298400	REPL 2100'-8"&125'-2"PMMP	-	-	-	-	7.23%	$151,859.25	$149,430.34	$2,428.91	1/1/2010	12/31/2010	5/14/2009	3/22/2010	JOB UNDER RAN DUE TO 10% ROCK ESTIMATED AND BORE INSTALLATION ESTIMATED
09026301700	INSTALL 955' - 2"&4" PM	-	-	-	-	2.86%	$60,163.77	$40,014.87	$20,148.90	1/1/2010	12/31/2010	6/12/2009	3/22/2010	165' IN SERVICE 2-23-10 PER AKELLEY.
10026320200	INSTALL 475'-2"PMMP	-	-	-	-	0.79%	$16,646.01	$9,453.60	$7,192.41	1/1/2010	12/31/2010	1/8/2010	3/23/2010	TWALKER/KY 05-04-10: JOB OVER RUN DUE TO MAIN LINE IN BEING IN SUCH BAD
10026324900	INSTALL 45' OF 4"PM S/L	-	-	-	-	0.31%	$6,545.66	$9,322.02	-$2,776.36	1/1/2010	12/31/2010	3/10/2010	3/29/2010	TWALKER/KY 09-28-10: PROJECT OVER RUN DUE TO EXTRA 94' OF STEEL GAS MAIN
09026304100	INSTALL 385'OF 2"/4"PMMP	-	-	-	-	2.75%	$57,758.24	$25,909.22	$31,849.02	1/1/2010	12/31/2010	7/1/2009	4/5/2010	TWALKER/KY 08-24-11: JOB OVER RUN DUE TO EXTRA 500' OF PAVING REQUIRED
09026315400	INSTALL 990'-2"PMMP	-	-	-	-	0.92%	$19,406.48	$28,413.37	-$9,006.89	1/1/2010	12/31/2010	11/10/2009	4/20/2010	INSTALLED 180' - 2" PMMP MAIN.
10026321201	INSTALL 237'-6"PMLP	-	-	-	-	3.65%	$76,759.53	$72,749.20	$4,010.33	1/1/2010	12/31/2010	4/9/2010	4/22/2010	INSTALL/CALIBRATE NEW PRESS. RECORDER.
10026323700	INSERT 200' OF 4"PMMP MAIN	-	-	-	-	1.42%	$29,806.69	$22,703.61	$7,103.08	1/1/2010	12/31/2010	2/24/2010	4/22/2010	THE NEW MAIN WAS INSTALLED IN THE SIDE WALK WHICH HAD TO BE REPLACED. THIS
08026256700	INSTALL 560'-4" WTHP	-	-	-	-	7.03%	$147,591.86	$104,750.92	$42,840.94	1/1/2010	12/31/2010	3/28/2008	4/29/2010	COMPLETED TAP
09026296400	INSERT 300' OF 3"/4"PM & PMMP	-	-	-	-	3.92%	$82,353.11	$74,548.34	$7,804.77	1/1/2010	12/31/2010	5/7/2009	5/6/2010	TWALKER/KY 12-14-10: JOB UNDER RUN DUE TO PLANNED FOR CONTRACTORS TO
10026322200	INSTALL 100' - 2" PMMP	-	-	-	-	0.56%	$11,834.80	$5,012.33	$6,822.47	1/1/2010	12/31/2010	2/1/2010	6/9/2010	INCREASED PAVING COST AND AN INCREASE IN CONTRACT PAY ITEM COSTS CAUSED AN
10026326000	INSTALL NEW PRESSURE RECORDER	-	-	-	-	0.13%	$2,626.99	$3,204.73	-$577.74	1/1/2010	12/31/2010	3/24/2010	6/14/2010	TWALKER/KY 08-24-11: JOB OVER RUN DUE TO CORROSION CURRENT/PROBLEM WHICH
08026273700	INSTALL 615'-4" PL MAIN	-	-	-	-	3.00%	$62,940.61	$38,510.70	$24,429.91	1/1/2010	12/31/2010	9/4/2008	7/8/2010	JOB OVERRAN BECAUSE WE HAD TO PAY LAND OWNER AN EXTRA $5K IN UNPLANNED ROW
10026330200	REPLACE SL 3" PL	-	-	-	-	0.78%	$16,484.31	$9,726.66	$6,757.65	1/1/2010	12/31/2010	5/20/2010	7/15/2010	TWALKER/KY 09-01-10: JOB UNDER RUN DUE TO CKY WAS OPEN CUT INSTALL MAIN
10026335900	INSTALL 60' OF 2"PM MAIN	-	-	-	-	0.11%	$2,394.87	$7,368.67	-$4,973.80	1/1/2010	12/31/2010	7/22/2010	7/23/2010	TWALKER 03-17-11: JOB UNDER RUN DUE TO $3000 LESS THAN PLANNED PAVING/HARD
09026303800	INSTALL 420' - 2" PMIP	-	-	-	-	0.98%	$20,563.45	$13,692.24	$6,871.21	1/1/2010	12/31/2010	6/30/2009	7/29/2010	SECOND TEST LISTED ON CONVERSATION 11 WAS ENTERED IN FIELD BY COORDINATOR.
10026326700	INSTALL 165' OF 4"WTHP MAIN	-	-	-	-	2.24%	$46,969.85	$41,497.88	$5,471.97	1/1/2010	12/31/2010	3/26/2010	8/5/2010	TWALKER/KY 09-23-10: THIS PROJECT RESULTED IN SYSTEM 32010089 BEING
09026290100	INSTALL 700' OF 12"WTHP MAIN	-	-	-	-	15.64%	$328,550.21	$236,414.55	$92,135.66	1/1/2010	12/31/2010	2/16/2009	8/17/2010	JOB WAS PLANNED WITH NO PAVING RESTORATION. WAS SUPPOSED TO BE DONE BY

09026313500	INSTALL 3000' OF 2"PMMP/4"PM	-	-	-	-	6.36%	$133,612.01	$147,849.86	-$14,237.85	1/1/2010	12/31/2010	10/20/2009	8/31/2010	INSTALL FOOTAGE: 2010' - 4" PL
10026329000	INSTALL 140' OF 2"PMMP	-	-	-	-	0.67%	$14,123.96	$21,799.48	-$7,675.52	1/1/2010	12/31/2010	4/26/2010	8/31/2010	THIS IS AN EMERGENCY LEAK REPAIR WHERE CONTRACT CREWS WORKED OVER NIGHT TO
09026307300	INSTALL 720'-2"PMLP	-	-	-	-	1.99%	$41,722.12	$45,203.29	-$3,481.17	1/1/2010	12/31/2010	8/3/2009	9/8/2010	TWALKER/KY 03-17-11: JOB UNDER RUN DUE TO $2300 LESS IN SEGA AND CONTRACT C
10026339100	REPAIR OF R-1088	-	-	-	-	1.17%	$24,644.83	$24,215.45	$429.38	1/1/2010	12/31/2010	8/23/2010	9/9/2010	TWALKER/KY 10-28-10: JOB UNDER RUN OF $85,000 DUE TO NO ROCK ONSITE AS
08026261900	INSTALL 1675'-4"&6"PMLP	-	-	-	-	11.11%	$233,421.32	$131,852.83	$101,568.49	1/1/2010	12/31/2010	5/23/2008	9/22/2010	TWALKER/KY 04-28-11: JOB UNDER RUN DUE TO NO ROCK ONSITE AS ESTIMATED
09026300201	INSTALL 2010' - 4" PMIP MAIN	-	-	-	-	5.40%	$113,514.33	$82,598.12	$30,916.21	1/1/2010	12/31/2010	4/12/2010	10/11/2010	TWALKER/KY 03-17-11: JOB UNDER RUN DUE TO SEGA RATE WAS $4000 LESS THAN
10026345901	INSERT 100'-2"PMMP	-	-	-	-	0.88%	$18,579.84	$7,632.60	$10,947.24	1/1/2010	12/31/2010	11/19/2010	10/12/2010	COST OK DG 06/20/2011
10026341000	INSTALL 300' OF 2"PMMP MAIN	-	-	-	-	0.24%	$4,991.47	$11,747.19	-$6,755.72	1/1/2010	12/31/2010	9/8/2010	10/19/2010	OVERRUN DUE TO INCREASED PAVING COST - TIE-IN WAS IN STREET - PIPELINE
10026324300	INSTALL 1200' OF 8"WTHP MAIN	-	-	-	-	6.46%	$135,746.66	$215,076.08	-$79,329.42	1/1/2010	12/31/2010	3/3/2010	10/26/2010	JOB OVER RAN DUE TO THE FOLLOWING: PAVING REPAIRS THAT WERE MADE ON
10026333100	INSTALL 830'OF 4"PMMP	-	-	-	-	0.84%	$17,721.23	$24,959.73	-$7,238.50	1/1/2010	12/31/2010	6/22/2010	11/16/2010	UNDERRUN EXPLANATION:SEVERAL FACTORS CONTRIBUTED TO THIS UNDERRUN. THERE WA
10026343900	INSERT 80' OF 2"PM	-	-	-	-	2.57%	$54,002.40	$69,809.01	-$15,806.61	1/1/2010	12/31/2010	9/29/2010	12/2/2010	6/29/2011-CONSTRUCTION COORDINATOR RECENTLY TURNED IN PAVING TICKETS. THESE
10026355500	INSTALL PRE-FAB METAL BUILDING	-	-	-	-	1.37%	$28,879.77	$29,518.44	-$638.67	1/1/2010	12/31/2010	11/30/2010	12/3/2010	IN-SERVICE 12-22-10 PER CHUNGATE.
10026355000	INSTALL 100' - 2" PM	-	-	-	-	0.58%	$12,283.15	$7,247.20	$5,035.95	1/1/2010	12/31/2010	11/29/2010	12/10/2010	MAIN PACKED 12-30-2010. PER RHUMPHREYS
10026338400	INSTALL 5'-4"PMMP	-	-	-	-	0.40%	$8,320.51	$10,480.54	-$2,160.03	1/1/2010	12/31/2010	8/9/2010	12/14/2010	JOB OVER RAN DUE TO THE FOLLOWING: JOB WAS PLANNED FOR AND INSTALLED IN
10026320500	INST 1771'4"& 225'-3"PMMP	-	-	-	-	2.21%	$46,344.16	$70,014.41	-$23,670.25	1/1/2010	12/31/2010	1/8/2010	12/17/2010	OVERRUN - MISC MATERIALS/CONTRACT/CONSTRUCTION COORDINATOR/SEGA
10026335200	INST 1440'- 4" P & 405' - 2"P	-	-	-	-	4.75%	$99,690.07	$95,802.73	$3,887.34	1/1/2010	12/31/2010	7/20/2010	12/28/2010	TWALKER/KY 08-24-11: JOB UNDER RUN DUE TO NO ROCK OR EXTRA DEPTH AS
							2010 Construction Project Budget	**$2,100,583.30**						PARTIAL EXECUTION - WAITING ON COMPLETED SKETCH FROM CONSTRUCTION 12/27/20
10026341300	INSTALL 600' OF 2"PMMP MAIN	-	-	-	-	0.13%	$8,701.40	$17,042.29	-$8,340.89	1/1/2011	12/31/2011	9/10/2010	1/17/2011	BOUGHT MATERIAL FOR RECTIFIER INSTALLATION
10026327600	INSTALL 750' OF 12"WTHP MAIN	-	-	-	-	6.05%	$405,269.97	$399,888.48	$5,381.49	1/1/2011	12/31/2011	4/9/2010	1/19/2011	IN-SERVICE 12-27-10 PER BDAWES PER JROSSER COVERING FOR AKELLEY.
08026284500	INSTALL 3779'-2"PMMP	-	-	-	-	5.15%	$345,219.08	$271,676.23	$73,542.85	1/1/2011	12/31/2011	12/9/2008	2/3/2011	KBOTKINS. JOB UNDER RAN DUE TO THE FOLLOWING: CONTRACT COSTS ESTIMATED
09026304700	INSTALL 1587' - 4" PMIP MAIN	-	-	-	-	1.78%	$119,420.35	$64,299.05	$55,121.30	1/1/2011	12/31/2011	7/15/2009	2/3/2011	JOB UNDER RAN DUE TO THE FOLLOWING: CONTRACT COST INCLUDED STAKING THAT WAS
10026354700	INSTALL 1580' OF 2"PMMP	-	-	-	-	0.34%	$22,820.96	$62,143.66	-$39,322.70	1/1/2011	12/31/2011	11/29/2010	2/7/2011	UNDER RUN - MATERIALS & CONTRACT UNITS 4-14-11 DG
10026340001	REPL 2850'-8"PMMP	-	-	-	-	2.99%	$200,390.32	$198,912.48	$1,477.84	1/1/2011	12/31/2011	6/21/2011	2/11/2011	COST UNDER RUN LABOR HOURS - 8:42 VS 16. DG 05/19/2011
10026344800	INSTALL NEW RECTIFIER & GB	-	-	-	-	0.50%	$33,511.03	$73,188.66	-$39,677.63	1/1/2011	12/31/2011	10/7/2010	2/22/2011	WAS WAITING FOR CLEAN UP DUE TO BAD WEATHER........
10026347400	INSTALL 1150' OF 6"PMMP MAIN	-	-	-	-	2.30%	$154,011.55	$105,970.19	$48,041.36	1/1/2011	12/31/2011	10/26/2010	2/23/2011	KBOTKINS-JOB UNDER RAN DUE TO THE FOLLOWING: ROCK WAS KNOWN TO BE IN AREA
10026325600	INSTALL 1750'-6"WTHP	-	-	-	-	1.46%	$98,077.89	$117,351.93	-$19,274.04	1/1/2011	12/31/2011	3/17/2010	3/1/2011	TWALKER/KY 08-24-11: PROJECT UNDER RUN DUE TO 54' LESS OF MAIN INSTALLED
10026346600	INSTALL 1650' OF 2"PMMP	-	-	-	-	0.25%	$16,653.53	$28,130.35	-$11,476.82	1/1/2011	12/31/2011	10/19/2010	3/1/2011	JOB COST OK - DG 09/12/2011
10026333200	INSTALL 910' - 2" PMMP	-	-	-	-	0.56%	$37,424.33	$33,110.40	$4,313.93	1/1/2011	12/31/2011	6/25/2010	3/2/2011	COST UNDER RUN - CONTRACT UNITS, SEGA & OTHER COST LESS. DG 05/10/2011
10026346901	INSTALL 100' - 2" PMIP	-	-	-	-	0.09%	$6,136.29	$7,057.24	-$920.95	1/1/2011	12/31/2011	2/1/2011	3/4/2011	TWALKER/KY 10-05-11: JOB UNDER RUN DUE TO NO ROCK ENCOUNTER ONSITE DURING
10026356500	INSTALL 275'-2"PMIP	-	-	-	-	0.11%	$7,396.18	$8,314.75	-$918.57	1/1/2011	12/31/2011	12/1/2010	3/7/2011	UNDER RUN - SITE WORK REQUIRED PROJECT TO BE WORKED IN 2 PHASES. CONTRACT U
10026335800	INSTALL 795'-2"PMMP	-	-	-	-	0.27%	$18,348.00	$43,657.89	-$25,309.89	1/1/2011	12/31/2011	7/22/2010	3/18/2011	REQUEST CANCELLATION OF BACK ORDER MATERIAL/#13241 - DG 06/29/2011
10026353100	INSTALL 700' OF 2"PMMP	-	-	-	-	0.18%	$12,192.39	$17,339.13	-$5,146.74	1/1/2011	12/31/2011	11/15/2010	3/22/2011	REQUEST CANCELLATION OF MATERIAL BACK ORDER SECOND TIME. 6/30/11
10026342700	INSTALL 210' - 2" PL	-	-	-	-	0.35%	$23,337.77	$22,380.83	$956.94	1/1/2011	12/31/2011	9/21/2010	4/1/2011	COST OK DG 05/13/2011

11026363500	INSTALL 250' - 2" PMIP	-	-	-	-	0.15%	$10,112.54	$10,425.72	-$313.18	1/1/2011	12/31/2011	3/1/2011	4/8/2011	JOB ORDER ON HOLD UNTIL MCJUNKIN & APPLICATION SUPPORT MAKES BALANCE OF MAT
10026331000	INSTALL 2200' OF 2"/4"PMMP	-	-	-	-	2.88%	$193,222.37	$233,840.16	-$40,617.79	1/1/2011	12/31/2011	6/7/2010	4/8/2011	THIS ORDER WAS COMPLETED BY RANDY HUMPHREYS.
10026337800	INSTALL 40' OF 6"PMMP	-	-	-	-	0.24%	$15,767.03	$18,978.31	-$3,211.28	1/1/2011	12/31/2011	7/30/2010	4/12/2011	REQUEST CANCELLATION OF MATERIAL BACK ORDER # 13261 DG 06/30/2011
10026347000	INSTALL 175' OF 2"PMIP MAIN	-	-	-	-	0.17%	$11,348.55	$18,043.31	-$6,694.76	1/1/2011	12/31/2011	10/22/2010	4/20/2011	OVER RUN - CONTRACT (2010 VS 2011) + LABOR/TRUCK CHARGES + SEGA
10026327200	INSTALL 210' - 2" PMIP	-	-	-	-	0.39%	$26,236.17	$15,538.60	$10,697.57	1/1/2011	12/31/2011	4/2/2010	4/22/2011	UNDER RUN, LABOR/TRUCK CHARGES REDUCED FOR PROJECT. DG 07/01/2011
10026357700	INSTALL 66' 4"PMLP	-	-	-	-	0.30%	$20,033.19	$19,695.58	$337.61	1/1/2011	12/31/2011	12/29/2010	4/26/2011	REPLACED EXISTING 2" PLA SVC WITH A 4" PLA SVC TO HANDLE ADDED LOAD ON THE
11026363200	INSTALL 900' OF 2"PMMP MAIN	-	-	-	-	1.33%	$89,363.56	$75,232.14	$14,131.42	1/1/2011	12/31/2011	2/24/2011	4/26/2011	COST INCOMPLETE - NO CREW TIME/TRUCK/EQUIPMENT CHARGES.
11026364200	INSTALL 157'-3"PMLP SERVICE	-	-	-	-	0.10%	$6,959.87	$7,699.75	-$739.88	1/1/2011	12/31/2011	3/11/2011	4/26/2011	INSTALLED NEW 040 SERVICE TO NEW MCDONALDS.
10026346400	INSTALL 525' OF 2"PMMP	-	-	-	-	0.28%	$18,705.26	$15,824.01	$2,881.25	1/1/2011	12/31/2011	10/13/2010	4/27/2011	REPLACED COMPANY SERVICE AND TIED IN TO NEW 060 LP MAIN.
10026353700	INSTALL 180' - 4" PMIP	-	-	-	-	0.76%	$50,925.83	$28,871.49	$22,054.34	1/1/2011	12/31/2011	11/19/2010	5/4/2011	OVER RUN - CONTRACT UNITS & LABOR CHARGES. DG 06/21/2011
11026361100	INSTALL 195' OF 6"PM MAIN	-	-	-	-	0.18%	$11,784.15	$15,336.26	-$3,552.11	1/1/2011	12/31/2011	2/1/2011	5/11/2011	TEST REMARKS ON REVERSE SIDE OF TEST CHART
11026364000	INSTALL 160'4" PMLP SERVICE	-	-	-	-	0.26%	$17,429.14	$10,061.01	$7,368.13	1/1/2011	12/31/2011	3/10/2011	5/11/2011	COST HAVE NOT BEEN APPLIED. PROJECTION OF LABOR WILL UNDERRUN PROJECT.
11026367600	INSTALL 2" SS FITTING	-	-	-	-	0.00%	$84.76	$3,183.20	-$3,098.44	1/1/2011	12/31/2011	5/4/2011	5/19/2011	INSTALLED 8 INCH SHORT STOP FITTING
11026366100	INSTALL 85' OF 4"PM S/L	-	-	-	-	0.12%	$8,147.56	$6,617.50	$1,530.06	1/1/2011	12/31/2011	4/14/2011	5/23/2011	OVER RUN - CONTRACT LABOR FOR INSERT PAID, MATERIAL COST, CONSTRUCTION COOR
11026361300	INSTALL 10' OF 3"PM S/L	-	-	-	-	0.02%	$1,494.13	$1,238.41	$255.72	1/1/2011	12/31/2011	2/2/2011	5/23/2011	COMPLETED A DIRECT MAIN LINE BORE FOR CHRIS HUNGATE.
11026366900	INSTALL 30' OF 8"WTHP MAIN	-	-	-	-	0.45%	$29,875.32	$25,938.26	$3,937.06	1/1/2011	12/31/2011	4/25/2011	5/24/2011	UNDER RUN EXPLANATION: JOB WAS ESTIMATED WITH CONTRACT CREW BUT COMPANY CRE
10026323500	PM RELOCATE 300' OF 12" WTHP	-	-	-	-	3.96%	$265,250.62	$246,500.22	$18,750.40	1/1/2011	12/31/2011	2/19/2010	5/25/2011	HP MAIN IN SVC 5-20-11 PER ALLEN KELLEY.
11026369700	INSTALL EFC	-	-	-	-	0.00%	$128.45	$3,744.00	-$3,615.55	1/1/2011	12/31/2011	5/20/2011	5/26/2011	TWALKER/KY 09-15-11: THIS IS PAPER ONLY DUE TO PROJECT FELL INTO TWO
11026364900	INSTALL 8" SS FITTING	-	-	-	-	0.02%	$1,522.86	$5,320.50	-$3,797.64	1/1/2011	12/31/2011	3/28/2011	5/31/2011	CONSTRUCTION COORDINATOR DIDN'T ENTER SOIL/PIPE READING - NOT REQUIRED
11026360200	INSERT 425' OF 4"PM MAIN	-	-	-	-	0.46%	$31,151.06	$25,208.36	$5,942.70	1/1/2011	12/31/2011	1/21/2011	6/6/2011	ACTUAL WORK WAS DONE ON 5-23-2011. PAPER WORK WAS DONE 6-27-2011 PER TIM R
10026336200	INSTALL 1000'-2"PMMP	-	-	-	-	1.58%	$105,586.92	$62,816.58	$42,770.34	1/1/2011	12/31/2011	7/23/2010	6/7/2011	INSTALLED 410' 0F 4"PLASTIC PIPE
11026369800	INSTALL 5' OF 2"PMMP	-	-	-	-	0.02%	$1,238.40	$7,378.50	-$6,140.10	1/1/2011	12/31/2011	5/23/2011	6/15/2011	UNDER RUN - LABOR/TRUCK CHARGES. DG 08/02/2011
10026327800	INSTALL 13000'OF 8"WTHP/4"PMMP	-	-	-	-	21.68%	$1,452,794.66	$1,299,833.14	$152,961.52	1/1/2011	12/31/2011	4/14/2010	6/23/2011	UNDER RUN - MATERIAL (STEEL/PLASTIC), CONTRACT UNITS CHANGE. DG 08/04/2011
11026387200	* US 25 RELOCATION * PAPERWORK	-	-	-	-	0.21%	$14,200.69	$630.07	$13,570.62	1/1/2011	12/31/2011	8/30/2011	6/23/2011	OVER RUN - MATERIALS/CONTRACT UNITS/LABOR&TRUCK CHARGES. DG 07/27/2011
11026371700	INSTALL 225' OF 3"PM S/L	-	-	-	-	0.11%	$7,638.38	$9,449.75	-$1,811.37	1/1/2011	12/31/2011	6/9/2011	6/23/2011	COST OK -30' MORE PIPE THAN ESTIMATED. DG 08/23/2011
11026370300	INSTALL 22' OF 3" PM	-	-	-	-	0.08%	$5,314.53	$10,508.88	-$5,194.35	1/1/2011	12/31/2011	5/24/2011	6/27/2011	JOB OVER RAN DUE TO THE FOLLOWING: USED FISHEL WELDER FOR JOB AND PAID
11026364600	INSTALL 380' - 4" PM	-	-	-	-	0.38%	$25,132.75	$24,433.49	$699.26	1/1/2011	12/31/2011	3/25/2011	7/6/2011	IN SERVICE 7-26-11 PER TNEWMAN
11026372700	INSTALL 70' OF 4" PM	-	-	-	-	0.20%	$13,167.59	$17,980.96	-$4,813.37	1/1/2011	12/31/2011	6/21/2011	7/7/2011	INSTALLED 175' - 2" PMMP
11026361800	INSTALL 170'-2"PMMP	-	-	-	-	0.25%	$16,547.12	$18,229.26	-$1,682.14	1/1/2011	12/31/2011	2/9/2011	7/8/2011	COMPLETION REPORT ONLY. NO SKETCH REQUIRED
11026366500	INSTALL 105' OF 2"PMMP MAIN	-	-	-	-	0.20%	$13,530.37	$10,468.19	$3,062.18	1/1/2011	12/31/2011	4/18/2011	7/8/2011	COMPLETION REPORT ONLY. NO SKETCH REQUIRED
11026373500	INSTALL 355'-2"PMMP	-	-	-	-	0.13%	$8,888.84	$9,416.79	-$527.95	1/1/2011	12/31/2011	6/30/2011	7/25/2011	UNDERRUN EXPLANATION: PLANNED RIP RAP, ROCK EXCAVATION, EXTRA DEPTH AND 6&2
10026345200	INSTALL 375'-2,4&6"PMMP&WTHP	-	-	-	-	0.83%	$55,485.62	$46,216.43	$9,269.19	1/1/2011	12/31/2011	10/7/2010	7/25/2011	OVERRUN EXPLNATION: $1597 ADDITIONAL DOLLARS OF 6&2 WERE REQUIRED AS WAS $3
10026357400	INSTALL 100' - 2" PMIP MAIN	-	-	-	-	0.13%	$8,475.61	$9,641.20	-$1,165.59	1/1/2011	12/31/2011	12/16/2010	7/26/2011	OVER RUN COST - PAVING/RESTORATION COST ESTIMATED FOR PROJECT - ACTUAL WORK

11026359600	INSTALL 175' - 2" PMMP	-	-	-	-	0.18%	$11,799.07	$8,936.90	$2,862.17	1/1/2011	12/31/2011	1/17/2011	8/8/2011	UNDERRUN EXPLANATION: POWERPLANT INDICATES THAT THE JOB ORDER COST IS 33069
11026377800	INSTALL CHAINLINK FENCE	-	-	-	-	0.02%	$1,324.89	$1,390.00	-$65.11	1/1/2011	12/31/2011	7/19/2011	8/12/2011	ASKED IC TO CREAT TAGGING ORDERS FOR TWO NEW VALVES - 03/13/2012 DG
11026378400	INSTALL FENCE AT REG STA 1177	-	-	-	-	0.02%	$1,579.36	$2,617.46	-$1,038.10	1/1/2011	12/31/2011	7/21/2011	8/12/2011	PROBLEM EXECUTING JOB ORDER. 4"STEEL PIPE. CALLED MCJUNKIN (MIKE WEILING)M`
10026331700	RELOCATE 270' - 4" PMIP	-	-	-	-	0.26%	$17,648.47	$24,053.72	-$6,405.25	1/1/2011	12/31/2011	6/15/2010	8/14/2011	INSTALL 4" SERVICE LINE & CURB VALVE (FACILITY #456918), BLUEGRASS CREMATIO
10026349700	INSTALL 275' 4" PMIP	-	-	-	-	0.39%	$26,091.51	$17,157.32	$8,934.19	1/1/2011	12/31/2011	11/1/2010	8/14/2011	UNDERRUN EXPLANATION: JO ESTIMATING TOOL OVER ESTIMATED LABOR HOURS. ROCK
11026364800	INSTALL 1162'-6"WTHP & 2"PMMP	-	-	-	-	1.72%	$115,512.79	$129,955.96	-$14,443.17	1/1/2011	12/31/2011	3/25/2011	8/15/2011	SENT MATERIAL BACK ORDER CANCELAATION - 12-6-2011 DG
10026349200	INSTALL 1650' OF 12"WTHP	-	-	-	-	3.65%	$244,688.41	$377,839.06	-$133,150.65	1/1/2011	12/31/2011	10/29/2010	8/16/2011	QUESTION WITH CONSTRUCTION COORDINATOR ABOUT MISSING MATERIAL - PG 9/28/201
09026319400	REPL W/633'-12",3'-8",8'-6"+C	-	-	-	-	5.18%	$346,828.01	$311,250.49	$35,577.52	1/1/2011	12/31/2011	12/30/2009	8/17/2011	INSTALLED 4" SHORT STOP FITTING, ABANDONED 2' OF 4" STEEL, ABANDONED
10026351500	INSTALL 1035' OF 4"PMMP MAIN	-	-	-	-	1.28%	$85,839.81	$112,023.20	-$26,183.39	1/1/2011	12/31/2011	11/2/2010	9/9/2011	EXTENDED 2" PL MP MAIN 115' AND TIED 2 SL ONTO MAIN
11026388700	INSTALL 65' 4"PMLP SERVICE	-	-	-	-	0.13%	$8,736.10	$6,789.51	$1,946.59	1/1/2011	12/31/2011	9/15/2011	10/20/2011	INSTALL 150' - 2" PLASTIC MAIN
11026365900	INSTALL 1325' - 2" PMIP	-	-	-	-	0.80%	$53,769.38	$62,218.84	-$8,449.46	1/1/2011	12/31/2011	4/13/2011	10/27/2011	FENCE INSTALLATION NO SKETCH REQUIRED.
11026381700	INSTALL 180' OF 4"PMMP	-	-	-	-	0.26%	$17,242.62	$14,469.26	$2,773.36	1/1/2011	12/31/2011	8/8/2011	11/1/2011	WAITING ON IC TO MAKE MATERIAL CORRECTIONS WHERE SERVICE MATERIAL
10026356800	INSTALL 1037'-2"PMMP	-	-	-	-	1.05%	$70,486.74	$65,530.84	$4,955.90	1/1/2011	12/31/2011	12/4/2010	11/8/2011	TWALKER/KY 03-15-12: LEVEL 2 BUDGET FORMED FILLED OUT JOB OVER RUN DUE
11026360000	INSTALL 4" SS FTG	-	-	-	-	0.05%	$3,489.91	$1,920.25	$1,569.66	1/1/2011	12/31/2011	1/20/2011	11/16/2011	ASK INTERGRATION TEAM TO CREAT TAGGING JOB ORDERS FOR NEW CRITICAL VALVES.
11026395500	INSTALL 120'-2"PMMP	-	-	-	-	0.08%	$5,561.20	$5,046.15	$515.05	1/1/2011	12/31/2011	11/2/2011	11/17/2011	IN SERVICE 11-23-11 PER RHUMPHR
11026363400	INSTALL 100' - 2" PMMP	-	-	-	-	0.17%	$11,454.18	$10,511.89	$942.29	1/1/2011	12/31/2011	2/28/2011	12/1/2011	JO PACKET RETURNED TO CONSTRUCTION - UNACCEPTABLE "COMPLETION SKETCH"DG 12-
11026373200	INST CHAIN LK FENCE REG 1136	-	-	-	-	0.02%	$1,168.67	$1,101.00	$67.67	1/1/2011	12/31/2011	6/24/2011	12/2/2011	UNDERRUN EXPLANATION: CONTRACT EXPENSES OVERRAN $11,752. THE MAJORITY OF TH
08026274600	INSTALL 9413'-2"&4"PMMP	-	-	-	-	5.15%	$344,948.01	$389,524.32	-$44,576.31	1/1/2011	12/31/2011	9/12/2008	12/7/2011	IN SERVICE 12/9/11 PER RON WILLIAMS
10026340800	INSTALL 1700' OF 2"PMMP MAIN	-	-	-	-	1.89%	$126,403.01	$98,774.87	$27,628.14	1/1/2011	12/31/2011	9/7/2010	12/7/2011	PARTIAL EXECUTION - NEED PIPE EXPOSURES & COMPLETION SKETCH 12/28/2011 DG
10026349800	INSTALL 2760' OF 2"/4"PMMP	-	-	-	-	3.55%	$237,650.95	$211,290.46	$26,360.49	1/1/2011	12/31/2011	11/1/2010	12/8/2011	INSTALLED NEW RECTIFIER AND IT IS UP AND RUNNING.
10026332600	INSTALL 1100'-2"PMMP	-	-	-	-	0.25%	$16,573.38	$22,122.81	-$5,549.43	1/1/2011	12/31/2011	6/21/2010	12/9/2011	CAN NOT EXECUTE DUE TO TRANFER OF MATERIALS - BALANCE OF INSTALLED PIPE, EX
11026371200	INSTALL 4950' - 4" PMMP	-	-	-	-	2.14%	$143,448.98	$137,005.77	$6,443.21	1/1/2011	12/31/2011	5/26/2011	12/9/2011	CAN NOT EX, WORK COMPLETED 12/29/11, MATERIALS ORDERED PER MIKE WERLING MCJ
10026350300	INSERT 2730' OF 8" PMMP	-	-	-	-	2.45%	$164,325.87	$207,458.58	-$43,132.71	1/1/2011	12/31/2011	11/1/2010	12/9/2011	TWALKER/KY 06-14-12: PROJECT UNDER RUN DUE TO NO ROCK ON SITE AS ESTIMATED
11026391200	INSTALL 90' OF 4"PMMP	-	-	-	-	0.21%	$13,881.29	$13,518.37	$362.92	1/1/2011	12/31/2011	9/30/2011	12/9/2011	CFARIS-REPLACED TOPWORKS & RELIEF VALVE ON SETTING.
11026359700	INSTALL 3,752'-2"&8"PMMP	-	-	-	-	1.98%	$132,445.67	$141,996.52	-$9,550.85	1/1/2011	12/31/2011	1/18/2011	12/12/2011	SENT BACK TO CONSTRUCTION COORDINATOR TO COMPLETE WMS/INSTALL SKETCH
11026394100	INSTALL NEW RECTIFIER	-	-	-	-	0.03%	$2,056.48	$4,237.83	-$2,181.35	1/1/2011	12/31/2011	10/25/2011	12/12/2011	INSTALLED THE SERVICE LATERAL 9.2' DEEP BEHIND THE SCHOOL, BETWEEN THE PARK
10026348100	INST 2584'-8",10"&12"WTHP AMR	-	-	-	-	8.45%	$566,570.63	$521,759.00	$44,811.63	1/1/2011	12/31/2011	10/29/2010	12/20/2011	#1 NEW BUD# 1203080491 STARTING AT HILL CITY ROAD FOR 2000FT ON KY RT 11
11026399100	INSTALL 20'-3"PMLP	-	-	-	-	0.26%	$17,712.75	$16,027.87	$1,684.88	1/1/2011	12/31/2011	12/20/2011	12/29/2011	TWALKER/KY 06-14-12: JOB UNDER RUN DUE TO DEMO COST OF $9200 INCLUDED
							2011 Construction Project Budget	**$6,701,291.87**						KBOTKINS/CKY. OVER RUN EXPL: LOCAL GOVERNMENT WATER QUALITY OFFICIAL
11026371000	INSTALL 350' OF 2"PM	-	-	-	-	0.70%	$22,489.26	$32,352.26	-$9,863.00	1/1/2012	12/31/2012	5/26/2011	1/9/2012	TWALKER/KY 06-14-12: JOB UNDER RUN DUE TO LOWER EASEMENT AND LAND SERVICES
11026399500	INSTALL 2" TOPWORKS	-	-	-	-	0.53%	$17,027.09	$11,480.38	$5,546.71	1/1/2012	12/31/2012	12/27/2011	1/19/2012	KBOTKINS/JOB OVER RUN EXPLANATION 7/27/12: INSTALLATION IN ROCK CONDITIONS.
11026360500	INSTALL 1400' OF 2"/4"PMMP	-	-	-	-	1.96%	$62,760.94	$96,516.20	-$33,755.26	1/1/2012	12/31/2012	1/24/2011	2/2/2012	OVERRUN DUE TO COMPANY VS CONTRACT LABOR. WEATHER CONDITIONS CAUSED

11026398500	INSTALL 520'-4"PMLP SERV	-	-	-	-	0.71%	$22,737.06	$19,925.61	$2,811.45	1/1/2012	12/31/2012	12/14/2011	2/2/2012	UNDERRUN DUE TO CJHUGHES CONSTRUCTION COUNTED IN OTHER AND IN CONTRACT ITEM
11026359300	INSTALL 2860' OF 2"PMMP	-	-	-	-	2.53%	$80,976.12	$162,934.03	-$81,957.91	1/1/2012	12/31/2012	1/17/2011	2/15/2012	04-10-2012 -- LAYED 12" PIPE THRU PARKING LOT INSTEAD OF GRASS DUE TO OTHER
11026385800	INSTALL NEW METAL BUILDING	-	-	-	-	1.35%	$43,165.29	$49,267.91	-$6,102.62	1/1/2012	12/31/2012	8/25/2011	2/21/2012	8/31/12: OVERRUN DUE TO: 1)INCREASED CONTRACTOR COST AS A RESULT OF JOB
10026346800	INSTALL 4000'-2"PMMP	-	-	-	-	1.84%	$58,926.81	$51,623.88	$7,302.93	1/1/2012	12/31/2012	10/20/2010	2/29/2012	INSTALLED NEW POLE, ELECTRIC SERVICE AND RECTIFIER. UP AND RUNNING.
11026372100	INSTALL 1700' OF 2"PHHP MAIN	-	-	-	-	1.81%	$57,951.33	$79,964.89	-$22,013.56	1/1/2012	12/31/2012	6/14/2011	3/14/2012	KBOTKINS 8/28/12. JOB ON VARIANCE REPORT. PAVING HAS NOT BEEN PAID ON THE
11026373700	INSTALL 4500' OF 2"PMMP MAIN	-	-	-	-	4.27%	$136,669.80	$80,688.29	$55,981.51	1/1/2012	12/31/2012	7/5/2011	3/15/2012	KBOTKINS-6/14/12 JOB OVER RUN EXPL: SOME ROCK WAS INVOLVED IN THE
11026392400	INSTALL 85' - 4" PMMP	-	-	-	-	0.66%	$21,257.99	$14,891.38	$6,366.61	1/1/2012	12/31/2012	10/6/2011	3/26/2012	JO DURATION TOOL OVER ESTIMATED PROJECT TIME. $14639
11026398300	INSTALL 777' - 2" PMMP	-	-	-	-	1.76%	$56,368.24	$32,950.00	$23,418.24	1/1/2012	12/31/2012	12/12/2011	3/30/2012	TWALKER/KY 09-28-12: JOB UNDER RUN DUE TO LESS PAVING HARD SERVICES
09026297700	INSTALL 1375' OF 12"WTHP MAIN	-	-	-	-	12.36%	$395,909.80	$322,158.11	$73,751.69	1/1/2012	12/31/2012	5/12/2009	4/10/2012	OVERRUN DUE TO TEMPORARY PAVING + MILL/OVERLAY AT GREENUP ST/POND RUN
10026350800	INSTALL 150' OF 2/6" PMMP MAI	-	-	-	-	3.28%	$105,030.53	$64,222.66	$40,807.87	1/1/2012	12/31/2012	11/1/2010	4/12/2012	UNDER RUN DUE TO SITE PREP BY CONTRACTOR. NO HARD SURFACE REMOVAL, NO ROCK
12026408900	INSTALL NEW RECTIFIER	-	-	-	-	0.01%	$450.50	$6,498.68	-$6,048.18	1/1/2012	12/31/2012	3/29/2012	4/19/2012	NO LABOR OR SEGA CHARGED TO JOB WHICH ACCOUNTS FOR $4000 OF THE ESTIMATE. D
12026408000	INSTALL 62'-2"PM&WTLP	-	-	-	-	0.75%	$23,887.26	$21,304.78	$2,582.48	1/1/2012	12/31/2012	3/23/2012	5/2/2012	BSLONE 11/12/12: FINAL ROUTE RESULTED IN AN ADD'L $2156 IN MATERIALS (184'
11026373900	INSTALL 6225' OF 2"-6" PMMP	-	-	-	-	4.55%	$145,562.15	$124,430.32	$21,131.83	1/1/2012	12/31/2012	7/5/2011	5/3/2012	UNDER RUN DUE TO SITE PREP BY CONTRACTOR. NO ROCK, NO HARD SURFACE REMOVAL.
12026403500	INSTALL 60' - 4" PM	-	-	-	-	0.64%	$20,645.48	$33,195.86	-$12,550.38	1/1/2012	12/31/2012	2/15/2012	5/4/2012	TWALKER/KY 09-28-12: JOB UNDER RUN DUE TO CHANGE IN 2011 (EST) VS 2012
12026411000	INSTALL 100'-6"PMLP	-	-	-	-	1.08%	$34,532.72	$41,714.13	-$7,181.41	1/1/2012	12/31/2012	4/18/2012	5/4/2012	3/31/12: OVERRUN DUE TO: 1) INSCREASE IN CONTRACT COSTS DUE TO ESTIMATING
11026369000	INSTALL 1455' - 4" PM	-	-	-	-	6.95%	$222,417.62	$89,932.72	$132,484.90	1/1/2012	12/31/2012	5/12/2011	5/4/2012	TWALKER/KY 09-28-12: JOB OVER RUN DUE TO PROJECT PLANNED ON 2011 CONTRACT
11026384700	INSTALL 1000'-6" PMMP	-	-	-	-	4.57%	$146,388.43	$112,476.21	$33,912.22	1/1/2012	12/31/2012	8/23/2011	5/8/2012	BSLONE/KY 11-7-12: UNDERRUN DUE TO: 1) CONTRACT LABOR WAS ESTIMATED USING
12026403200	INSTALL 2" METER SETTING	-	-	-	-	0.12%	$3,805.39	$11,997.20	-$8,191.81	1/1/2012	12/31/2012	2/9/2012	5/10/2012	KBOTKINS 8/28/12. JOB OVER RAN DUE TO THE FOLLOWING: JOB WAS PLANNED FOR
11026388400	INSTALL 746' - 2" & 8" PMMP	-	-	-	-	4.01%	$128,390.68	$87,209.46	$41,181.22	1/1/2012	12/31/2012	9/8/2011	5/18/2012	TWALKER/KY 08-28-12: PROJECT OVER RUN DUE TO PROJECT REQUIRED EXTRA
11026398600	INSTALL 200' OF 2"PMMP	-	-	-	-	0.22%	$7,001.60	$19,363.87	-$12,362.27	1/1/2012	12/31/2012	12/14/2011	5/23/2012	$5000 WAS ESTIMATED IN OTHER COST TO COVER PS&I, BUT NO CONTRACT COST WERE
11026398100	INSTALL 400' OF 2"PMMP	-	-	-	-	0.19%	$5,951.70	$14,375.37	-$8,423.67	1/1/2012	12/31/2012	12/9/2011	5/31/2012	THE PRIMARY REASON FOR THE OVERRUN WAS DUE TO AN INCREASE IN CONTRACTOR
11026390100	INSTALL 2950' - 4" PMIP	-	-	-	-	6.75%	$216,212.35	$141,475.94	$74,736.41	1/1/2012	12/31/2012	9/27/2011	6/5/2012	OVERRUN DUE TO INCREASED MATERIAL COSTS: $1500 AND INCREASE IN CONTRACTOR
11026382200	INSTALL 165' 8" PMLP	-	-	-	-	1.20%	$38,484.95	$31,001.78	$7,483.17	1/1/2012	12/31/2012	8/11/2011	6/6/2012	INSTALLED 931-2"PMIP-184 4"PMIP & 36'-4" WTIP
12026403300	INSTALL 300' OF 4"PM	-	-	-	-	0.40%	$12,677.81	$24,193.43	-$11,515.62	1/1/2012	12/31/2012	2/14/2012	6/7/2012	THE PRIMARY REASONS FOR THE OVERRUN WERE DUE TO AN INCREASE IN PIPE FOOTAGE
11026367100	INSTALL 1070'-2"&4"PMLP	-	-	-	-	1.86%	$59,702.44	$46,716.85	$12,985.59	1/1/2012	12/31/2012	4/25/2011	6/8/2012	INSTALLED 360 FT 4" PMMP
09026311100	INSTALL 5500' OF 2"/6" PMMP	-	-	-	-	17.35%	$555,608.14	$440,347.84	$115,260.30	1/1/2012	12/31/2012	9/14/2009	6/12/2012	GAS ON MAIN 08/10/2012, 10:40 AM. R. HUMPHREYS
10026344900	INSTALL 60' OF 6"PMMP MAIN	-	-	-	-	0.94%	$30,183.93	$35,536.69	-$5,352.76	1/1/2012	12/31/2012	10/7/2010	6/15/2012	TWALKER/KY 10-01-12: LEVEL 2 VARIANCE REPORT FILLED OUT FOR PROJECT. JOB
10026349400	INSTALL 1865' 6"& 580' 4" PMM	-	-	-	-	6.04%	$193,504.46	$96,982.59	$96,521.87	1/1/2012	12/31/2012	11/1/2010	6/18/2012	INSTALLED 040 PLASTIC MAIN AND TIED IN TO 080 SLP.
11026390700	INSTALL 7247' - 2"&4" PMIP	-	-	-	-	12.21%	$391,100.43	$272,811.37	$118,289.06	1/1/2012	12/31/2012	9/28/2011	6/28/2012	INCLEMENT WEATHER.
12026404000	INSTALL 1150' - 2" & 4" PMIP	-	-	-	-	2.02%	$64,757.40	$45,623.88	$19,133.52	1/1/2012	12/31/2012	2/20/2012	7/2/2012	LFUCG PERMIT FILED 8/17/2012 @2:35PM. FILE#545. 2 STREET CUTS
11026379600	INSTALL 595' - 2" PMMP	-	-	-	-	1.88%	$60,272.22	$38,679.97	$21,592.25	1/1/2012	12/31/2012	7/28/2011	7/6/2012	
12026417300	INSTALL 415' - 4" PMMP	-	-	-	-	1.04%	$33,231.37	$21,167.20	$12,064.17	1/1/2012	12/31/2012	7/11/2012	8/7/2012	
12026409100	INSTALL 6920' OF 2"/4"PMMP	-	-	-	-	4.44%	$142,176.10	$137,171.21	$5,004.89	1/1/2012	12/31/2012	3/30/2012	8/10/2012	
11026391000	INSTALL 3440' OF 2"/8"PMMP	-	-	-	-	12.34%	$395,236.57	$231,774.87	$163,461.70	1/1/2012	12/31/2012	9/28/2011	8/30/2012	
12026407400	INSTALL 90'-4"PMLP SERV	-	-	-	-	0.30%	$9,523.46	$9,892.89	-$369.43	1/1/2012	12/31/2012	3/21/2012	9/19/2012	
11026399000	INSTALL 120' OF 4"PM S/L	-	-	-	-	1.72%	$55,085.43	$16,060.60	$39,024.83	1/1/2012	12/31/2012	12/19/2011	9/27/2012	

12026418000	INSTALL 50' OF 8"PM	-	-	-	-	0.90%	$28,856.02	$30,956.78	-$2,100.76	1/1/2012	12/31/2012	7/16/2012	12/4/2012	
							2012 Construction Project Budget	**$3,201,868.10**						

PSC Case No. 2013-00167
Staff Set 1 DR No. 013b
Attachment B
Respondent: Eric T. Belle

($000)

Years	Annual Actual Cost	Annual Original Budget	Variance in Dollars	Variance in Percent	Slippage Factor
2012	$18,904	$14,650	$4,254	29.038%	129.038%
2011	$14,348	$12,160	$2,188	17.993%	117.993%
2010	$10,125	$10,254	-$129	-1.258%	98.742%
2009	$12,998	$12,856	$142	1.105%	101.105%
2008	$13,581	$14,711	-$1,130	-7.681%	92.319%
2007	$9,494	$12,403	-$2,909	-23.454%	76.546%
2006	$8,159	$9,000	-$841	-9.344%	90.656%
2005	$10,426	$10,064	$362	3.597%	103.597%
2004	$7,342	$11,220	-$3,878	-34.563%	65.437%
2003	$9,114	$10,783	-$1,669	-15.478%	84.522%
Totals	$114,491	$118,101	-$3,610	-3.057%	
10 Year Average Slippage Factor (Mathematical Average of the Yearly Slippage Factors / 10 years					95.995%

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

14. Provide the following monthly account balances and a calculation of the average (13-month) account balances for calendar year 2012:

a. Plant in service (Account No. 101);

b. Plant purchased or sold (Account No. 102);

c. Property held for future use (Account No. 105);

d. Completed construction not classified (Account No. 106);

e. Construction work in progress (Account No. 107);

f. Depreciation reserve (Account No. 108);

g. Materials and supplies (include all accounts and subaccounts);

h. Computation and development of minimum cash requirements;

i. Balance in accounts payable applicable to amounts included in utility plant in service (If actual is indeterminable, give reasonable estimate.);

j. Balance in accounts payable applicable to amounts included in plant under construction (If actual is undeterminable, give reasonable estimate.); and

k. Balance in accounts payable applicable to prepayments by major category or subaccount.

Response:

Please see Attachment A.

Columbia Gas of Kentucky, Inc.
Thirteen Month Average Account Balances
December 31, 2012

PSC Case No. 2013-00167
Staff Set 1 DR No. 014
Attachment A
Respondent: C.E. Notestone

Item		Acct. No.	12/31/2011 ($000)	1/31/2012 ($000)	2/29/2012 ($000)	3/31/2012 ($000)	4/30/2012 ($000)	5/31/2012 ($000)	6/30/2012 ($000)	7/31/2012 ($000)	8/31/2012 ($000)	9/30/2012 ($000)	10/31/2012 ($000)	11/30/2012 ($000)	12/31/2012 ($000)	13 Month Average ($000)
1-14a	Plant in service	101	298,051	297,339	298,051	298,860	299,920	301,485	302,056	302,871	307,207	307,889	308,825	309,795	311,259	303,354
1-14b	Plant purchased or sold	102	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1-14c	Property held for future use	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1-14d	Completed construction not classified	106	4,544	3,633	3,421	4,171	4,537	6,319	6,919	7,446	5,283	5,951	8,838	8,229	7,065	5,874
1-14e	Construction work in progress	107	2,631	4,240	5,780	5,381	5,643	3,685	4,094	3,998	2,391	3,275	1,624	2,010	2,861	3,663
1-14f	Depreciation reserve	108	(125,183)	(125,335)	(125,546)	(125,815)	(125,996)	(126,197)	(126,432)	(126,590)	(126,806)	(127,116)	(127,464)	(127,599)	(127,775)	(126,450)
1-14g	Material and supplies	154-12980	73	73	73	73	76	77	77	76	79	79	71	71	71	75
1-14h	Minimum cash requirements (1/8 O&M)		398	442	255	341	335	326	315	301	345	327	335	421	404	
1-14i	A/P bal. applicable to plant in service		-	-	-	-	-	-	-	-	-	-	-	-	-	-
1-14j	A/P bal. applicable to plant under construction		151	350	248	-	206	201	418	186	303	243	766	179	244	269
1-14k	A/P bal. applicable to prepayments		-	-	-	-	-	-	-	-	-	-	-	-	-	-

KY PSC Case No. 2013-00167
Response to Staff's Data Request No. 015
Respondent: Chad E. Notestone

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

15. Provide a reconciliation and detailed explanation of each difference, if any, in Columbia's capitalization and net investment rate base for the base period.

Response:

Please see Attachment A which shows a reconciliation of the August 31, 2013 base period rate base and capitalization from the forecasted balance sheet. The base period rate base is shown in column 1 with adjustments in columns 2 and 4 to arrive at the balance sheet amounts in column 5. Column 2 shows the difference in working capital when moving from a thirteen month average to a date certain balance. Column 4 shows the difference between the forecasted balance sheet and adjusted rate base due to Columbia's methodology for calculating rate base. For example, the balance sheet does not reflect plant in service adjustments for "slippage", exclusion of CWIP, cash working capital and the associated deferred income tax adjustments. Lines 10 through 20 show the remaining differences due to the exclusion from rate base other working capital and deferred balance sheet items.

Columbia Gas of Kentucky, Inc.
Reconciliation of Base Period Rate Base to Capital
Base Period Ending August 31, 2013

PSC Case No. 2013-00167
Staff Set 1 DR No. 015
Attachment A
Respondent(s): C.E. Notestone

Line No.	Description	Base Period Rate Base 8/31/2013 ($000) (1)	Adjustment from 13 mo avg ($000) (2)	Rate Base as of 8/31/2013 ($000) (3)	Rate Making Adjustments ($000) (4)	Balance Sheet 8/31/2013 ($000) (5)
1	Gross Plant	334,679	-	334,679	(739)	333,940
2	CWIP	-	-	-	2,823	2,823
3	Accumulated Depr. & Amort.	(133,095)	-	(133,095)	(1,208)	(134,303)
4	Cash Working Capital	4,259	-	4,259	(4,259)	-
5	Materials & Supplies	75	-	75	-	75
6	Prepayments	433	94	527	-	527
7	Storage Gas	37,986	9,663	47,649	-	47,649
8	Deferred Income Taxes and Credits	(54,209)	-	(54,209)	823	(53,386)
9	Rate Base	190,128	9,757	199,885	(2,560)	197,325
10	Assets not in Rate Base					
11	Cash & temporary investments					8,127
12	Accounts receivable					10,026
13	Deferred gas cost					7,038
14	Other current assets					7,637
15	Deferred assets					(694)
16	Regulatory assets					13,146
17	Other non-current assets					4,289
18	Liabilities not in Rate Base					
19	Current Liabilities					(44,504)
20	Non-current Liabilities					(19,201)
21	Total Capitalization					183,189

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

16. Provide a rate base, capital structure, and statement of income for Columbia for the most recent 12-month period for which information is available at the time it files its application and for the base period used in the application. Provide detailed explanations necessary to reconcile the data for the 12-month period with the filed base period information.

Response:

Please refer to Attachment A of this response for the statement of income for the twelve months ending April 30, 2013.

Please see Schedule B-1 of Columbia's Application for the calculation of the base period rate base. Detailed rate base calculations are not readily available for test periods other than the periods provided in Columbia's Application.

Please refer to Attachment B of this response for the capital structure as of April 30, 2013.

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Income Statement
For the Twelve Months Ended April 30, 2013 and the Base Period

Line No.	Description	TME 4/30/2013	Base 8/31/2013
		$	$ [1]
1	Operating Revenues		
2	Gas Service	80,647,170	76,384,634
3	Transportation	19,909,264	20,317,233
4	Other Revenue	12,128,545	11,297,737
5	Total Operating Revenues	112,684,979	107,999,604
6	Operating Expenses		
7	Gas Purchased	52,063,038	47,578,296
8	Operations	31,231,521	30,874,380
9	Maintenance	2,924,077	2,771,948
10	Depreciation & Depletion	6,827,177	6,962,687
11	Taxes - Other Than Income	2,968,276	3,045,278
12	Total Operating Expenses	96,014,089	91,232,589
13	Operating Income (Loss)	16,670,890	16,767,015
14	Other Income (Deductions)		
15	Income From Investment in Subsidiary	32,260	9,097
16	Interest Income and Other, Net	2,654,500	2,497,442
17	Interest Expense	(4,804,226)	(4,913,561)
18	Total Other Income	(2,117,466)	(2,407,022)
19	Income Before Income Taxes	14,553,424	14,359,993
20	Income Taxes	5,358,022	4,385,900
21	Net Income	9,195,402	9,974,093

[1] Unbilled revenue is not included in the budgeted months of the Base Period.

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

Capitalization

As of April 30, 2013

Line No.	Description	Amount ($)	($)	
	(1)	(2)	(3)	
1	Common Stock	23,806,202	C/S Issued	952,248
2	Additional Paid in Capital	5,582,722		
3	OCI	0		
4	Retained Earnings	68,060,526		
5	**Total Equity**	97,449,450		
6	Long-term Debt	73,335,000		
7	Current Maturities	14,000,000		
8	Short-term Debt (1)	0		
9	**Total Debt**	87,335,000		
10	**Total Capitalization**	184,784,450		
11	**Total Equity / Total Capital**	52.74%		
12	**Total Debt / Total Capital**	47.26%		

(1) 13 month average

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

17. Provide the information shown in Schedule 17 for each construction project in progress, or planned to be in progress, during the 12 months preceding the base period, the base period, and the forecasted test period.

Response:

Please see Attachment A.

PSC Case No. 2013-00167
Staff Set 1 DR No. 017
Attachment A
Respondent: Eric T. Belle

Line No.	Project No.	Description of Project	Construction Amount	AFUDC Capitalized	Indirect Costs Other Costs	Total Cost	Esitmated Physical Percent Completed
1	00555.WP3674.2629	Install 975' Of 2"Pmmp Main	7491.91	35.57	5979.77	13507.25	100%
2	00555.WP3702.2623	Install 225' Of 2"Pmmp Main	1794.6	0	1925.28	3719.88	100%
3	00555.WP3712.2631	Install 4075' - 4" Pmmp	41430.18	8.57	40174.21	81612.96	100%
4	00555.WP3721.2621	Install 1700' Of 2"Phhp Main	42171.29	108.79	15671.25	57951.33	100%
5	00555.WP3783.2623	Install 100' Of 2"Pmmp Main	2076.44	0.12	897.06	2973.62	100%
6	00555.WP4018.2623	INSTALL 900'-8"PMMP BETTERMEN	3.89	0	2.64	6.53	100%
7	00555.WP4050.2621	INSTALL 4850' OF 4"/6"PMMP	1404.93	86.54	461.33	1952.8	0%
8	00555.WP4052.2621	INSTALL 120' OF 4"WTHP MAIN	0	0	0	0	0%
9	00555.WP4245.2621	INSTALL 540'-2"PMMP	6610.96	202.54	1463.36	8276.86	0%
10	00555.WP4286.2631	INSTALL 3360' - 2" PMMP	4450	143.17	1070.13	5663.3	100%
11	00555.WP4290.2621	INSTALL 1575' OF 2"PMMP	0	0	0	0	0%
12	00555.WP4299.2621	INSTALL 3400' OF 2"/4"PMMP	13913.39	149.03	2810.51	16872.93	0%
13	00555.WP4371.2631	INSTALL 250' - 2" PMMP	0	0	0	0	0%
14	00555.WP4454.2631	INSTALL 455' - 2" PMMP	0	0	0	0	0%
15	00555.WP4465.2623	INSTALL 1920'-2"&4" PMMP	0	0	0	0	0%
16	00555.WP4504.2621	INSTALL 1300' OF 2"PMMP	0	0	0	0	0%
17	00555.WP4514.2623	INSTALL 700' 2"PMMP	0	0	0	0	0%
18	00555.WP4516.2631	INSTALL 100' - 2" PMMP	70.33	1.53	84.73	156.59	0%
19	00555.WP4545.2621	INSTALL 500' OF 2"PMMP	0	0	0	0	0%
20	00555.WP4554.2631	INSTALL 130' - 2" PMMP	0	0	0	0	0%
21	00555.WP4555.2623	INSTALL 2600' 4"-PMMP	0	0	0	0	0%
22	00555.WP4575.2621	INSTALL 350' OF 2"PMMP	0	0	0	0	0%
23	00555.WP4582.2631	INSTALL 100' - 2" PM	0	0	0	0	0%
24	00557.WP3051.2631	Install 1502' - 2" Pmmp	258195.15	14.65	96358.73	354568.53	100%
25	00557.WP3111.2623	Install 5500' Of 2"/6" Pmmp	405404.26	5249.38	144954.5	555608.14	100%
26	00557.WP3452.2621	Install 375'-2,4&6"Pmmp&Wthp	39210.19	34.31	16906.12	56150.62	100%
27	00557.WP3476.2621	INSTALL 6000'-2"&4"PMMP	0	0	0	0	0%
28	00557.WP3481.2621	Inst 2584'-8",10"&12"Wthp Amrp	416541.65	692.99	153733	570967.64	100%
29	00557.WP3492.2629	Install 1650' Of 12"Wthp	273555	194.94	75911.96	349661.9	100%
30	00557.WP3498.2629	Install 2760' Of 2"/4"Pmmp	166565.09	403.59	70682.28	237650.96	100%
31	00557.WP3553.2621	INSTALL 615' OF 4"PMMP	0	0	0	0	0%
32	00557.WP3568.2621	Install 1037'-2"Pmmp	51564.63	69.84	19337.79	70972.26	100%
33	00557.WP3597.2621	Install 3,752'-2"&8"Pmmp	63797.23	103.89	38844.57	102745.69	100%
34	00557.WP3605.2623	Install 1400' Of 2"/4"Pmmp	44832.38	63.89	17864.68	62760.95	100%
35	00557.WP3618.2621	Install 170'-2"Pmmp	12966.75	8.68	4925.19	17900.62	100%
36	00557.WP3671.2621	Install 950'-4"Pmlp	41550.76	204.78	17946.9	59702.44	100%

37	00557.WP3706.2621	Install 105' Of 4"Pmmp Main	6714.01	7.52	2641.99	9363.52	100%
38	00557.WP3780.2631	INSTALL 32' - 4" WTHP MAIN	0	0	0	0	0%
39	07107.WP3794.2623	INSTALL 13,650 OF 2"PMMP	971663.97	12541.45	278621.38	1262826.8	100%
40	00557.WP3825.2629	INSTALL 2630' OF 2"PMMP	8863	255.45	2251.2	11369.65	0%
41	00557.WP3831.2621	INSTALL 6815'-2"&4"PMMP	455384.96	4970.75	102376.17	562731.88	33%
42	00557.WP3835.2621	INSTALL 4860'-4"&2"PMMP	0	0	0	0	0%
43	00557.WP3837.2621	INSTALL 700'-10" WTHP	174206.65	5465.37	48633.11	228305.13	100%
44	00557.WP3839.2623	INSTALL 6500'-8"&2"PMMP	6.98	0.44	4.73	12.15	0%
45	00557.WP3845.2623	INSTALL 9400' OF 2"/4" PMMP	271675.11	449.87	108568	380692.98	100%
46	00557.WP3851.2623	INSTALL 6400' OF 2"/6" PMMP	11948.12	92.19	2427.55	14467.86	0%
47	00557.WP3853.2621	INSTALL 3600' OF 2" PMMP	0	0	0	0	0%
48	00557.WP3905.2631	INSTALL 6592' - 2",3",4" PMMP	192723.63	3251.93	53780.86	249756.42	25%
49	00557.WP3914.2629	INSTALL 3500' OF 6"/8"PMMP	14749.73	604.57	5162.87	20517.17	0%
50	00557.WP3916.2629	INSTALL 5350' OF 2"/4" PMMP	4888.28	40.25	1011.55	5940.08	0%
51	00557.WP4009.2621	INSTALL 1900' OF 2"PMMP	0	0	0	0	0%
52	00557.WP4063.2623	INSTALL 10160' OF 4"PMMP	191	8.6	42.26	241.86	0%
53	00557.WP4104.2629	INSTALL 3400' OF 12"WTHMP	2434.97	132.07	937.71	3504.75	0%
54	00557.WP4125.2621	INSERT 120' OF 3"PM	0	0	0	0	0%
55	00557.WP4161.2623	INSTALL 3900' OF 2"PMMP	0	0	0	0	0%
56	00557.WP4195.2621	INSTALL 3750'-2" PMMP	0	0	0	0	0%
57	00557.WP4198.2621	INSTALL 4000'-2" PMMP	0	0	0	0	0%
58	00557.WP4200.2623	INSTALL 8500'-2"PMMP	55.46	4.18	58.55	118.19	0%
59	00557.WP4202.2621	INSTALL 3790'-4",6"&8"PMMP	17412.72	209.65	3652.51	21274.88	0%
60	00557.WP4204.2629	INSTALL 12500'-2"PMMP	0	0	0	0	0%
61	00557.WP4206.2623	INSTALL 13700'-2" PMMP	0	0	0	0	0%
62	00557.WP4208.2623	INSTALL 5200'-4" PMMP	0	0	0	0	0%
63	07301.WP4248.2629	INSTALL 6400' OF 12"WTHP MAIN	660403.12	10239.54	91664.3	762306.96	90%
64	00557.WP4307.2621	INSTALL 1365'-8" PMMP	13913.39	149.03	2810.51	16872.93	10%
65	00557.WP4348.2623	INSTALL 300' 4" PMMP	24557.36	203.53	9088.28	33849.17	90%
66	00557.WP4367.2621	INSTALL 7,100' OF 2"/4"PMMP	0	0	0	0	0%
67	00557.WP4374.2621	INSTALL 2180' OF 2"/4"PMMP	0	0	0	0	0%
68	00557.WP4377.2621	INSTALL 771' 6"-PMMP	63.71	2.14	66.47	132.32	0%
69	00557.WP4383.2623	AMRP - DOWNTOWN FRANKFORT	87.5	4.25	97.78	189.53	0%
70	00557.WP4393.2631	INSTALL 7400' - 2" PMMP	0	0	0	0	0%
71	00557.WP4395.2631	INSTALL 6500' - 2" PMMP	0	0	0	0	0%
72	00557.WP4397.2631	INSTALL 10,700' - 2" PMMP	0	0	0	0	0%
73	00557.WP4399.2631	INSTALL 5065' - 2" & 4" PMMP	0	0	0	0	0%
74	00557.WP4401.2631	REPLACE MAIN - LEAKAGE	0	0	0	0	0%
75	00557.WP4403.2621	INSTALL 3400' OF 2"/4"PMMP	0	0	0	0	0%
76	00557.WP4406.2621	INSTALL 1120'OF 2" PMMP MAIN	0	0	0	0	0%
77	00557.WP4408.2629	INSTALL 400' OF 6"PMMP MAIN	0	0	0	0	0%
78	00557.WP4416.2631	INSTALL 5960' - 2" & 4" PMMP	0	0	0	0	0%
79	00557.WP4421.2631	INSTALL 200'-2" PMMP	0.3	0	0.39	0.69	0%
80	00557.WP4427.2632	INSTALL 6400' 2&4" PMMP	50019.8	138.13	2937.17	53095.1	6%
81	00557.WP4433.2621	AMRP-LIBERTY RD/HENRY CLAY	89.69	3.02	93.55	186.26	0%
82	00557.WP4450.2631	INSTALL 3980' - 2" PMMP	0	0	0	0	0%

83	07307.WP4459.2629	INSTALL 8200' OF 2"/4"PMMP	55553.74	31.62	3065.7	58651.06	15%
84	00557.WP4468.2623	INSTALL 1725' 2"/4" PMMP	0	0	0	0	0%
85	00557.WP4470.2633	INSTALL 1335' 4"-PMLP	0	0	0	0	0%
86	00557.WP4482.2633	INSTALL 5' - 3" PMIP	0	0	0	0	0%
87	00557.WP4498.2623	INSTALL 35' OF 3"PM	1300.71	15.4	262.74	1578.85	90%
88	00557.WP4537.2621	RETIRE - MAIN LEAKAGE	0	0	0	0	0%
89	00557.WP4550.2621	INSTALL 40' OF 4"PMMP	8771.57	48.03	5904.11	14723.71	90%
90	00557.WP4569.2631	INSTALL 325' - 2" PM	0	0	0	0	0%
91	00557.WP4573.2631	INSTALL 800' - 2" PMMP	0	0	0	0	0%
92	00558.WP3917.2629	RETIRE 6500' OF 2/4/6" LP MAI	0	0	0	0	0%
93	00558.WP4226.2621	ABANDON 1500' OF 4"/6" BS MAI	126.1	17.18	144.14	287.42	0%
94	00558.WP4462.2623	ABANDON 100' OF 2" BSLP MAIN	0	0	0	0	0%
95	00559.WP3573.2623	Install 2' Of 2" Pm	3550.23	11.49	2965.61	6527.33	100%
96	00559.WP3649.2631	Install 8" Ss Fitting	1180.93	2.88	339.05	1522.86	100%
97	00559.WP4229.2621	INSTALL 625'-2"WTHP&4"PMLP	126.1	17.78	144.14	288.02	5%
98	00559.WP4232.2623	INSTALL 315'-2"WTHP&4"PMIP	0	0	0	0	0%
99	00559.WP4234.2629	INSTALL 200' OF 2"WTHP/MP MAI	0	0	0	0	0%
100	00559.WP4528.2621	INSTALL FITTINGS	40.93	0.31	54.46	95.7	0%
101	00559.WP4567.2621	INSTALL STOPPING FITTINGS	0	0	0	0	0%
102	00559.WP4571.2621	INSTALL 220' 2"-PMMP	0	0	0	0	0%
103	00560.WP4019.2623	RETIRE 1500' OF 3"/4" BARE MN	3.8	0	2.64	6.44	10%
104	00560.WP4138.2633	ABANDON 208' - 2" WTMP	0	0	0	0	0%
105	00561.WP2977.2623	Install 1365' Of 12"Wthp Main	288538.01	3538.43	103833.36	395909.8	100%
106	00561.WP3191.2633	Relocate 2900' - 3" W Main	21156.05	2310.77	7251.37	30718.19	0%
107	00561.WP3194.2621	Repl W/633'-12",3'-8",8'-6"+C	261038.64	4521.85	88267.53	353828.02	100%
108	00561.WP3243.2621	Install 1200' Of 8"Wthp Main	89431.22	286.98	46184.48	135902.68	100%
109	00561.WP3362.2621	Install 1000'-2"Pmmp	72606.81	121.02	32859.13	105586.96	100%
110	00561.WP3408.2621	Install 1700' Of 2"Pmmp Main	88536.9	111.87	38326.93	126975.7	100%
111	00561.WP3443.2633	INSTALL 710' - 2" PMIP	29501.65	169.91	9472.37	39143.93	0%
112	00561.WP3506.2621	INSTALL 17,000'-12"WTHP/8"PMM	64.64	0.5	2591.67	2656.81	0%
113	00561.WP3508.2629	Install 150' Of 2/6" Pmmp Main	77621.49	1069.6	27384.44	106075.53	100%
114	00561.WP3515.2629	Install 1035' Of 4"Pmmp Main	-20436.8	87.44	20000.19	-349.17	100%
115	00561.WP3611.2623	Install 195' Of 6"Pm Main	-2775.3	0	2788.81	13.51	100%
116	00561.WP3625.2621	Install 350' Of 4"Mp/6"Lp Main	27500.53	53.19	13700.62	41254.34	100%
117	00561.WP3690.2631	Install 1455' - 4" Pm	166760.8	22.18	55634.65	222417.63	100%
118	00561.WP3710.2629	Install 350' Of 2"Pm	16770.61	120.36	5858.29	22749.26	100%
119	00561.WP3729.2621	Install 445'-4"Pmmp	15238.41	14.4	5859.52	21112.33	100%
120	00561.WP3855.2621	Relocate 16' Of 8"Wthp Main	-5313.02	6.8	5148.02	-158.2	100%
121	00561.WP3970.2621	INSTALL 2560'-6"WTHP/4"PMMP	64.09	5.02	75.69	144.8	0%
122	00561.WP4092.2623	INSTALL 250'-6"PMMP	191	8.6	42.46	241.86	0%
123	00561.WP4212.2621	INSTALL 250' OF 4"PMMP	0	0	0	0	0%
124	00561.WP4213.2621	INSTALL 375' OF 4"PMMP	0	0	0	0	0%
125	00561.WP4236.2621	INSTALL 475' OF 8"WTHP	0	0	0	0	0%
126	00561.WP4239.2631	INSTALL 810' - 4" PMMP	54379.47	246.55	12649.49	67275.51	100%
127	00561.WP4283.2621	INSTALL 1315'-2" PMMP	76815.82	909.78	21783.4	99509	100%
128	00561.WP4336.2621	INSTALL 1080' OF 10" WTHP/8"M	71.4	0.54	95	166.94	0%

129	00561.WP4379.2631	INSTALL 550' - 4" PMIP	2000	7.89	404	2411.89	0%
130	00561.WP4385.2629	INSTALL 280' - 4" PMMP	0	0	0	0	0%
131	00561.WP4452.2623	INSTALL 300' 4"PMLP	8817.93	115.15	2514.02	11447.1	10%
132	00561.WP4472.2621	CARLISLE/PARKVIEW RELOCATION	9708	24.2	1355.2	11087.4	65%
133	00561.WP4475.2631	INSTALL 465' - 8" WTMP	118.47	0.89	153.13	272.49	20%
134	00561.WP4478.2629	INSTALL 380'OF 4"PMLP	0	0	0	0	0%
135	00561.WP4484.2629	INSTALL 450' - 2" & 4" PMMP	0	0	0	0	0%
136	00561.WP4486.2629	INSTALL 200' - 2" PMIP	0	0	0	0	0%
137	00561.WP4505.2621	RELOCATE HP & LP MAINS	0	0	0	0	0%
138	00561.WP4509.2621	INSTALL 80' OF 4"PMMP	0	0	0	0	0%
139	00561.WP4561.2633	INSTALL 100' 4"-PMMP	0	0	0	0	0%
140	00561.WP4581.2629	INSTALL 200' OF 2" PMLP MAIN	0	0	0	0	0%
141	00562.WP3214.2623	Retire 2000' Of 2"Pip Main	25584.59	0	5774.52	31359.11	100%
142	00562.WP3425.2633	ABANDON 615' - 3" MAIN	1275	0	0	1275	50%
143	00562.WP4443.2623	ABANDON 1400' OF 2"PIP	5008.11	0	654.99	5663.1	100%
144	00562.WP4445.2629	ABANDON 680' 2"/4" LP MAIN	0	0	0	0	0%
145	00562.WP4455.2629	ABANDON 300' OF 2"/3"LP MAIN	0	0	0	0	0%
146	00565.WP4389.2623	INSTALL 225' OF 4"PM S/L	18.63	0.11	14.55	33.29	0%
147	00566.WP4436.2623	ABANDON 6"LP SERVICE LINE	0	0	0	0	0%
148	00573.WP1768.2632	INSTALL RELIEF VALVE	325.02	86.08	0	411.1	0%
149	00573.WP1768.2632	Install Relief Valve	325.02	86.08	29.59	440.69	0%
150	00573.WP3063.2632	Install New Catalytic Heater	2213.69	337.98	696.28	3247.95	0%
151	00573.WP3119.2631	INSTALL CWT DRYLINE HEATER	24364.09	9046.62	18571.17	51981.88	0%
152	00573.WP3119.2631	Install Catalytic Heater	24134.09	9046.62	18801.17	51981.88	0%
153	00573.WP3257.2632	INSTALL 1" RELIEF VALVE				0	0%
154	00573.WP3257.2632	Install 1" Relief Valve	0	25.86	320.1	345.96	0%
155	00573.WP3390.2623	Install Dry Line Heater	172374.75	7652.73	56479.33	236506.81	100%
156	00573.WP3406.2621	Install New Reg Station 1213	31636.27	412.91	9939.51	41988.69	100%
157	00573.WP3944.2621	INSTALL NEW REG STATION	28898.97	3287.01	5363.89	37549.87	95%
158	00573.WP4014.2629	INSTALL ODORIZER STORAGE TANK	39441.9	184.13	5263.4	44889.43	0%
159	00573.WP4502.2621	INSTALL DUAL RUN REG STATION	0	0	0	0	0%
160	00575.WP3248.2621	Acquire New Reg Site 1213	6736	168.14	0	6904.14	100%
161	00575.WP3888.2631	ACQUIRE NEW LOT FOR HEATER	13483	1354.94	211.78	15049.72	100%
162	00577.WP3407.2631	INSTALL PARKLINE BUILDING				0	0%
163	00577.WP3407.2631	Install Parkline Building	34472.91	2126.97	11408.55	48008.43	100%
164	00577.WP4151.2631	INSTALL NEW RTU BUILDING	1937.25		428.17	2365.42	100%
165	00583.WP2456.2621	Replace Recoding Gauge	1615.24	326.74	280.09	2222.07	0%
166	00583.WP2461.2621	Replace Recording Gauge	1615.01	326.75	280.36	2222.12	0%
167	00583.WP3432.2621	INSTALL 4" CONTROL REGULATOR				0	0%
168	00583.WP3432.2621	Install 4" Control Regulator	7306.21	465.02	2887.12	10658.35	100%
169	00583.WP3473.2623	Install New Reg Station	43263.47	141.46	23338.35	66743.28	100%
170	00583.WP3540.2621	Install New Reg Station #1044	25715.29	231.66	15308.06	41255.01	100%
171	00583.WP3589.2631	MAVITY HEATER REPLACEMENT	297362.52	21843.86	25998.17	345204.55	100%
172	00583.WP3733.2621	Replace Regs At Sta 1136	4889.79	10.91	1915.34	6816.04	100%
173	00583.WP3939.2621	REPLACE RECORDING GUAGE	1518.34	71.67	367.46	1957.47	0%
174	00583.WP4007.2629	INSTALL NEW REG STATION	28606.6	1687.78	4322.46	34616.84	0%

175	00583.WP4323.2623	INSTALL CWT HEATER	0	0	0	0	0%
176	00583.WP4457.2621	REPLACE WATER BATH HEATER	0	0	0	0	0%
177	00583.WP4493.2623	REPLACE FH99 REGULATORS	0	0	0	0	0%
178	00583.WP4539.2621	REPLACE BYPASS VALVE ON MP-LP	0	0	0	0	0%
179	00583.WP4566.2621	REPL 2" OUTLET PLUG VALVE	0	0	0	0	0%
180	00584.WP3793.2623	RETIRE REG STATION #1558	421.64	0	261.24	682.88	100%
181	00584.WP3940.2623	RETIRE REG STATION #1511	0	0	0	0	0%
182	00584.WP3977.2623	RETIRE OIL SEAL RELIEF	0	0	0	0	0%
183	00584.WP4005.2629	RETIRE REG STATION #1226	0	0	0	0	0%
184	00584.WP4008.2629	RELOCATION REG STAT #1664		0.39	10.83	11.22	0%
185	00584.WP4359.2623	RETIRE REG STATION# 1512	0	0	0	0	0%
186	00584.WP4363.2621	RETIRE REG STATION # 1081	0	0	0	0	0%
187	00584.WP4520.2621	REMOVE RELIEF VALVE	0	0	0	0	0%
188	00584.WP4521.2623	REMOVE RECORDING GUAGE	0	0	0	0	0%
189	00584.WP4583.2621	RETIRE R-1158 REG STATION	0	0	0	0	0%
190	00585.WP3784.2621	Install Fence At Reg Sta 1177	3504	0	379.36	3883.36	100%
191	00585.WP4495.2623	REPLACE REGULATOR BUILDING	0	0	0	0	0%
192	00585.WP4579.2623	REPLACE BUILDING STRUCTURE	0	0	0	0	0%
193	00586.WP3798.2623	DEMO BLOCK REG STATION BDG	0	0	0	0	0%
194	00586.WP4006.2629	DEMO BRICK REG BUILDING	0	0	0	0	0%
195	00586.WP4366.2621	DEMO BRICK BUILDING	0	0	0	0	0%
196	00587.WP2236.2621	INSTALL REGULATORS	10071.03	2022.8	4196.66	16290.49	100%
197	00587.WP2236.2621	Install Regulators	10075.1	2022.8	4200.73	16298.63	100%
198	00587.WP2682.2631	Install 4" Mooney Dual Run	40678.68	4586.52	23648.49	68913.69	100%
199	00587.WP3204.2621	Install Efc	1531.16	0	791.58	2322.74	100%
200	00587.WP3210.2631	Install New Reg Setting	50939.33	488.26	29380.34	80807.93	100%
201	00587.WP3455.2621	Replace Regulators/Oulet Vlv	10092.42	12.06	5492.68	15597.16	100%
202	00587.WP4330.2623	INSTALL GMB METER SETTING	22793.88	281.47	1761.56	24836.91	100%
203	00587.WP9345.2627	Replace Exist. Gmb Setting	5877.93	1387.01	3219.02	10483.96	100%
204	00588.WP3750.2623	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
205	00588.WP3766.2631	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
206	00588.WP3811.2631	CONVERT GMB TO CAB ACCOUNT	0	0	0	0	0%
207	00588.WP3877.2623	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
208	00588.WP3882.2621	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
209	00588.WP3919.2623	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
210	00588.WP3952.2633	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
211	00588.WP3954.2623	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
212	00588.WP4059.2623	CONVERT FROM GMB TO CAB ACCT	0	0	0	0	0%
213	00588.WP4531.2623	RETIRE GMB CONVERT CUST TO CA	0	0	0	0	0%
214	00595.WP4152.2621	INSTALL DEEP WELL GB & RECTIF	1927.35	0	428.17	2365.42	0%
215	07817.WP4576.2621	INSTALL DEEP WELL GB & RECTIF	0	0	0	0	0%
216	07103.WP3580.2621	Install 17,909'-2"&4"Pmmp	634823.49	36.32	252271.95	887131.76	100%
217	07105.WP3582.2623	Install 14,100 Of 2,4,8" Pmmp	832691.95	1156.01	307326.22	1141174.18	100%
218	07703.WP3278.2623	Install 13000'Of 8"Wthp/4"Pmmp	-$5,551.49	$5,574.12	$351,790.22	$351,812.85	100%
219	07901.WP2984.2621	Repl 2100'-8"&125'-2"Pmmp	12.56	2.33	16.77	31.66	100%
220	07915.WP2746.2621	Install 9413'-2"&4"Pmmp	225902.49	2481.78	93992.06	322376.33	100%

221	00555.WP4347.2621	Install 700' 4" PMMP	16829.47	3.29	252.41	17085.17	100%
222	00555.WP4262.2621	Install 360' 2" PMMP	10736.39	86.55	3382.19	14205.13	100%
223	00557.WP3833.2621	Install 5235' 2,4,& 6" PMMP	345869.55	506.42	103408.32	449784.29	100%
224	00561.WP4331.2623	Install 200' 4" PMMP	0	0	0	0	0%
225	00561.WP3191.2633	Relocate 2900' 3" W Main	0	0	0	0	0%
226	00557.WP4045.2631	Install 1120' 4" PM	0	0	0	0	0%

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

18. Provide, in the format provided in Schedule 18, an analysis of Columbia's Construction Work in Progress ("CWIP") as defined in the Uniform System of Accounts for each of the projects identified in Schedule 17.

Response:

See response to Staff Set 1 DR No 18 Attachment A.

PSC Case No. 2013-00167
Staff Set 1 DR No. 018
Attachment A
Respondent: Chad E. Notestone and Eric T. Belle

Line No	Project No.	Date Construction Began	Estimated Project Completion Date	Percent of Elapsed Time	Original Budget Estimate	Most Recent Budget Estimate	Total Project Expendatures to Date	Percent of Total Expendatures
1	00555.WP2849.2621	3/9/2009	4/8/2009	4722%	$51,604.00	$51,604.00	-$5,455.43	-11%
2	00555.WP3116.2631	10/26/2009	10/29/2009	23100%	$16,667.00	$16,667.00	-$1,052.53	-6%
3	00555.WP4018.2623	4/20/2013	6/14/2013	100%	$99,318.00	$99,318.00	$20,641.50	21%
4	00555.WP4050.2621				$56,199.00	$165,449.00	$4,080.87	2%
5	00555.WP4052.2621				$46,673.00	$34,784.00	$1,952.80	6%
6	00555.WP4053.2629				$151,806.00	$151,806.00	-$1.80	0%
7	00555.WP4245.2621				$29,494.00	$29,494.00	$8,213.86	28%
8	00555.WP4286.2631	1/21/2013	3/26/2013	221%	$119,247.00	$119,247.00	-$93.89	0%
9	00555.WP4290.2621				$60,312.00	$60,312.00	$5,663.30	9%
10	00555.WP4347.2621	5/31/2013	6/6/2013	220%	$51,747.00	$51,747.00	$464.50	1%
11	00555.WP4516.2631				$9,640.00	$9,640.00	$156.59	2%
12	00557.WP3825.2629				$87,669.00	$87,669.00	$11,369.65	13%
13	00557.WP3837.2621	2/18/2013	5/14/2013	135%	$214,267.00	$243,435.00	$12,928.90	5%
14	00557.WP3839.2623				$196,822.00	$196,822.00	$12.15	0%
15	00557.WP3905.2631	8/13/2012	1/20/2013	195%	$475,846.00	$475,846.00	-$392.84	0%
16	00557.WP3914.2629				$158,510.00	$158,510.00	$20,517.17	13%
17	00557.WP3916.2629				$386,424.00	$386,424.00	$5,940.08	2%
18	00557.WP4009.2621				$147,437.00	$147,437.00	$11.22	0%
19	00557.WP4030.2623	6/15/2012	9/13/2012	403%	$268,957.00	$268,957.00	-$70,102.00	-26%
20	00557.WP4045.2631	4/30/2013	6/7/2013	118%	$61,832.00	$129,626.00	-$3,156.66	-2%
21	00557.WP4063.2623				$286,960.00	$286,960.00	$21,095.71	7%
22	00557.WP4104.2629				$476,366.00	$476,366.00	$21,274.88	4%
23	00557.WP4125.2621	2/13/2013	2/17/2013	2900%	$8,475.00	$8,475.00	$3,504.75	41%
24	00557.WP4161.2623				$257,325.00	$257,325.00	$5,644.42	2%
25	00557.WP4202.2621				$220,734.00	$220,734.00	$118.19	0%
26	00557.WP4293.2621				$6,694.00	$6,694.00	$55.16	1%
27	00557.WP4307.2621				$267,052.00	$267,052.00	$16,872.93	6%
28	00557.WP4348.2623	5/10/2013	6/9/2013	125%	$43,146.00	$43,146.00	$33,849.17	78%
29	00557.WP4383.2623				$153,325.00	$153,325.00	$189.53	0%
30	00557.WP4421.2631				$39,927.00	$39,927.00	$0.69	0%
31	00557.WP4433.2621				$113,466.00	$113,466.00	$186.26	0%
32	00557.WP4447.2621	4/4/2013	5/13/2013	182%	$34,092.00	$34,092.00	-$1,332.04	-4%
33	00557.WP4498.2623				$20,071.00	$20,071.00	$1,578.85	8%
34	00557.WP4550.2621				$20,260.00	$20,260.00	$14,723.71	73%
35	00559.WP4229.2621				$55,001.00	$55,001.00	$288.02	1%
36	00559.WP4528.2621				$7,444.00	$7,444.00	$95.70	1%
37	00561.WP3191.2633				$6,899.00	$6,899.00	$30,718.19	445%
38	00561.WP3515.2629	6/27/2011	9/9/2011	945%	$112,023.00	$112,023.00	$86,949.00	78%
39	00561.WP3970.2621				$221,219.00	$221,219.00	$144.80	0%
40	00561.WP4092.2623				$13,628.00	$13,628.00	$241.86	2%

PSC Case No. 2013-00167
Staff Set 1 DR No. 018
Attachment A
Respondent: Chad E. Notestone and Eric T. Belle

Line No	Project No	Date Construction Began	Estimated Project Completion Date	Percent of Elapsed Time	Original Budget Estimate	Most Recent Budget Estimate	Total Project Expendatures to Date	Percent of Total Expendatures
41	00561.WP4146.2621	8/9/2012	9/7/2012	1029%	$129,002.00	$129,002.00	$45,570.42	35%
42	00561.WP4283.2621	2/14/2013	6/13/2013	101%	$110,194.00	$110,194.00	$76,560.71	69%
43	00561.WP4310.2621				$20,465.00	$20,465.00	-$0.11	0%
44	00561.WP4331.2623	4/16/2013	6/12/2013	105%	$26,661.00	$26,661.00	-$17,060.07	-64%
45	00561.WP4336.2621				$350,202.00	$350,202.00	$166.94	0%
46	00561.WP4379.2631				$32,918.00	$32,918.00	$2,411.89	7%
47	00561.WP4452.2623	3/29/2013	10/1/2013	42%	$36,500.00	$36,500.00	$11,447.10	31%
48	00561.WP4472.2621	5/29/2013	6/30/2013	57%	$22,809.00	$22,809.00	$3,856.42	17%
49	00561.WP4475.2631				$168,840.00	$168,840.00	$272.49	0%
50	00565.WP4389.2623				$14,062.00	$14,062.00	$33.29	0%
51	00573.WP1768.2632				$1,461.00	$1,461.00	$440.69	30%
52	00573.WP3063.2632				$3,914.00	$3,914.00	$3,247.95	83%
53	00573.WP3119.2631	1/27/2011	9/15/2014	65%	$20,583.00	$20,583.00	$51,981.88	253%
54	00573.WP3257.2632				$2,686.00	$2,686.00	$345.96	13%
55	00573.WP3892.2629				$24,070.00	$24,070.00	$20,786.94	86%
56	00573.WP3944.2621				$29,099.00	$29,099.00	$37,549.87	129%
57	00573.WP3994.2623	1/9/2013	1/30/2013	700%	$44,435.00	$44,435.00	-$2,316.55	-5%
58	00575.WP3888.2631	6/7/2013	6/7/2013	600%	$18,615.00	$18,615.00	$15,049.72	81%
59	00577.WP3407.2631	6/2/2011	1/23/2012	320%	$51,594.00	$51,594.00	$48,008.43	93%
60	00577.WP4151.2631	6/5/2013	6/29/2013	44%	$79,280.00	$79,280.00	$25,565.89	32%
61	00583.WP2456.2621				$1,972.00	$1,972.00	$2,222.07	113%
62	00583.WP2461.2621				$1,972.00	$1,972.00	$2,222.35	113%
63	00583.WP2465.2621				$1,878.00	$1,878.00	-$1.25	0%
64	00583.WP3432.2621	3/24/2011	3/24/2011	56700%	$11,450.00	$11,450.00	$10,658.35	93%
65	00583.WP3589.2631	9/17/2012	12/21/2012	279%	$436,506.00	$436,506.00	$345,204.55	79%
66	00583.WP3939.2621				$4,690.00	$4,690.00	$1,957.47	42%
67	00583.WP4007.2629		9/1/2013	100%	$41,838.00	$41,838.00	$34,616.84	83%
68	00583.WP4094.2629	7/11/2012	8/2/2012	1394%	$50,529.00	$50,529.00	-$2,831.67	-6%
69	00587.WP2236.2621	4/11/2013	4/26/2013	383%	$11,652.00	$11,652.00	$16,290.49	140%
70	00587.WP2682.2631	2/28/2011	1/23/2012	255%	$99,149.00	$99,149.00	$68,913.69	70%
71	00587.WP3210.2631	9/9/2011	12/15/2011	660%	$85,361.00	$85,361.00	$85,207.93	100%
72	00587.WP4032.2621	4/1/2012	5/10/2012	1059%	$11,997.00	$11,997.00	-$1,730.63	-14%
73	00587.WP4084.2629	7/12/2012	7/17/2012	5900%	$50,992.00	$50,992.00	-$10,434.05	-20%
74	00587.WP4330.2623	4/22/2013	6/5/2013	122%	$39,716.00	$39,716.00	$24,836.91	63%
75	00587.WP9345.2627	11/17/2003	12/26/2008	185%	$11,597.00	$11,597.00	$12,084.98	104%
76	00595.WP2950.2631				$11,656.00	$11,656.00	$9,228.40	79%
77	00595.WP4089.2623	4/12/2012	4/19/2012	4983%	$6,498.00	$6,498.00	$450.50	7%
78	00595.WP4152.2621				$42,437.00	$42,437.00	$2,365.42	6%
79	00909.WP4137.2631	8/20/2012	3/19/2013	142%	$160,266.00	$160,266.00	$166,861.92	104%
80	00909.WP4414.2633				$14,979.00	$14,979.00	$205.56	1%

Line No	Project No.	Date Construction Began	Estimated Project Completion Date	Percent of Elapsed Time	Original Budget Estimate	Most Recent Budget Estimate	Total Project Expendatures to Date	Percent of Total Expendatures
81	00909.WP4418.2633				$13,092.00	$13,092.00	$205.56	2%
82	00909.WP4423.2633				$13,092.00	$13,092.00	$205.56	2%
83	00909.WP4425.2629				$120,719.00	$120,719.00	$5,698.26	5%
84	00909.WP4437.2621				$14,587.00	$14,587.00	$205.56	1%
85	00909.WP4438.2623				$17,476.00	$17,476.00	$205.56	1%
86	00909.WP4440.2623				$1,666,213.00	$107,599.00	$5,535.14	5%
87	00909.WP4442.2621				$147,123.00	$17,480.00	$6,073.69	35%
88	07201.WP3851.2623				$569,993.00	$469,859.00	$14,467.86	3%
89	07207.WP3831.2621	2/15/2013	8/21/2013	64%	$806,899.00	$1,560,251.00	$493,908.58	32%
90	07211.WP4106.2629	7/12/2012	11/15/2012	262%	$1,801,101.00	$1,801,101.00	-$1,750.00	0%
91	07211.WP4143.2629	8/9/2012	11/15/2012	309%	$57,579.00	$57,579.00	-$3,813.97	-7%
92	07211.WP4148.2629	10/30/2012	11/15/2012	1223%	$66,007.00	$66,007.00	-$1,242.20	-2%
93	07301.WP4248.2629	3/8/2013	6/30/2013	88%	$1,039,064.00	$1,039,064.00	$762,306.96	73%
94	07303.WP4377.2621				$80,296.00	$80,296.00	$132.32	0%
95	07305.WP4427.2632	5/24/2013	1/6/2014	10%	$1,195,236.00	$1,195,236.00	$21,067.95	2%
96	07307.WP4459.2629	5/16/2013	8/9/2013	35%	$909,811.00	$909,811.00	$20,287.76	2%
97	07817.WP3506.2621				$1,798,145.00	$1,798,145.00	$151.12	0%
98	07901.WP2984.2621	2/4/2010	3/22/2010	2591%	$149,430.00	$149,430.00	$31.66	0%

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

19. Provide a calculation of the rate or rates used to capitalize interest during construction for the three most recent calendar years. Explain each component entering into the calculation of the rate(s).

Response:

Rates used by Columbia to capital interest during construction for the three most recent calendar years are summarized below:

Year	AFUDC Borrowed	AFUDC Equity	Total AFUDC
2010	2.59%	3.03%	5.62%
2011	2.36%	5.47%	7.83%
2012	2.35%	5.50%	7.85%

AFUDC rates were calculated using the following FERC prescribed formula:

$$A_i = s\left(\frac{S}{W}\right) + d\left(\frac{D}{D+P+C}\right)\left(1-\frac{S}{W}\right)$$

$$A_e = \left[1-\frac{S}{W}\right]\left[p\left(\frac{P}{D+P+C}\right) + c\left(\frac{C}{D+P+C}\right)\right]$$

A_i =Gross allowance for borrowed funds used during construction rate.
A_e =Allowance for other funds used during construction rate.
S =Average short-term debt.

s =Short-term debt interest rate.
D =Long-term debt.
d =Long-term debt interest rate.
P =Preferred stock.
p =Preferred stock cost rate.
C =Common equity.
c =Common equity cost rate.
W =Average balance in construction work in progress less asset retirement costs

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

20. Provide, in the format provided in Schedule 20, an analysis of the gross additions, retirements, and transfers for each major functional gas plant property group or account for Columbia occurring in the base period and forecasted test period. For any account in which transfers regularly occur in the normal course of business, include a general description of the nature of the transfers.

Response:

Please see Schedule B-2.3 of Columbia's Rate Application. Account transfers do not regularly occur in the normal course of business for Columbia. The transfers shown in Schedule B-2.3 reflect the reclassification of property among utility plant accounts as a result of Columbia's most recent depreciation study.

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

21. Provide the following information for each item of property or plant held for future use at the beginning of the base period:

a. Description of property;

b. Location;

c. Date purchased;

d. Cost;

e. Estimated date to be placed in service;

f. Brief description of intended use; and

g. Current status of each project.

Response:

Columbia did not have property or plant held for future use at the beginning of the base period.

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

22. List all properties leased to the utility and all improvements to leased properties, together with annual lease payments which are capitalized, in the format provided in Schedule 22.

Response:

Columbia does not have any capitalized leases.

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

23. Provide a listing of all non-utility property and accounts where amounts are recorded. Include a description of the property, the date purchased, and the cost.

Response:

Columbia's non-utility plant investment is zero as reflected in Account 121.

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

24. Provide the journal entries relating to the purchase of gas utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since Columbia's, or its predecessor's, inception. Also, provide a schedule showing the calculation of the acquisition adjustment at the date of purchase or each item of utility plant, the amortization period, and the unamortized balance at the beginning of the base period.

Response:

The following are the journal entries associated with the purchase of Inland Gas Company in 1992:

Gas Plant purchased at original cost	DR 102		5,702,902	
Gas Plant purchase (Accum. Depr.)		CR 102		(3,371,049)
Accounts Payable		CR 234		(2,331,853)
Construction Work in Progress	DR 107		267,306	
Gas Plant in Service	DR 101		3,103,743	
Accum. Depreciation		CR 108		(3,371,049)
Gas Plant in Service	DR 101		2,331,853	
Gas Plant purchased (Accum. Depr.)	DR 102		3,371,049	
Gas Plant purchased at orig. cost		CR 102		(5,702,902)

There are no acquisition adjustments.

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

25. Provide Columbia's most recent depreciation study. If no such study exists, provide a copy of Columbia's most recent depreciation schedule. The schedule should include a list of all facilities by account number, service life and accrual rate for each plant item, the methodology that supports the schedule and the date the schedule was last updated.

Response:

A depreciation study was conducted by Gannett Fleming, Inc. as of December 31, 2012. The study was submitted as part of Columbia's Rate Application filed May 29, 2013, behind tab number 56.

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

26. Provide Columbia's cash account balances at the beginning of calendar year 2012 and at the end of each month since then.

Response:

	Cash Account 131
Dec-11	457,477
Jan-12	627,573
Feb-12	561,672
Mar-12	513,864
Apr-12	513,622
May-12	264,262
Jun-12	271,570
Jul-12	308,847
Aug-12	159,078
Sep-12	272,633
Oct-12	418,340
Nov-12	366,261
Dec-12	1,509,717
Jan-13	303,988
Feb-13	535,342
Mar-13	411,223
Apr-13	886,595

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

27. Provide the average number of natural gas customers on Columbia's system (actual and projected), by rate schedule, for the base period and the three most recent calendar years.

Response:

Please see Attachment A for the response.

Columbia Gas of Kentucky, Inc.
Case No. 2013 - 00167
Average Number of Natural Gas Customers by Rate Schedule
For the Three Most Recent Calendar Years and the Twelve Months Ended August 31, 2013

Line No.	Rate Schedule	2010	2011	2012	Base Period TME 08/31/2013
1	**Sales Customers**				
2	Residential				
3	GSR	92,087	91,905	92,640	92,734
4	G1R	19	18	17	17
5	IN3	10	9	9	9
6	IN4	1	1	1	1
7	IN5	5	5	4	4
8	LG2	1	1	1	1
9	LG3	1	1	1	1
10	LG4	1	1	1	1
11	Commercial				
12	G1C	4	4	4	4
13	IN3	1	1	1	1
14	LG2	1	1	1	1
15	GSO	10,124	9,664	9,653	9,605
16	GST - Fallback	16	13	15	16
17	IST - Fallback	32	32	32	33
18	Industrial				
19	GSO	36	36	38	39
20	GST - Fallback	12	13	14	14
21	IST - Fallback	53	50	48	49
22	IS	-	1	1	1
23	Public Utilities				
24	IUS	2	2	2	2
25	**Transportation Customers**				
26	Residential				
27	GTR	28,504	28,157	26,873	26,280
28	Commercial				
29	GTO	3,832	4,222	4,154	4,142
30	DS	28	29	30	29
31	GDS	17	16	15	16
32	FX1	1	1	1	1
33	FX2	1	1	1	1
34	SAS	1	1	1	1
35	SC2	1	1	-	-
35	Industrial				
36	GTO	12	14	12	12
37	DS	39	39	39	37
38	GDS	14	14	15	18
39	DS3	2	2	3	3
40	FX4	1	-	-	-
41	FX5	3	3	3	3
42	FX6	1	1	-	-
43	FX7	1	1	1	1
44	FX8	1	1	-	-
45	SC3	1	1	1	1
46	**Total**	134,866	134,262	133,632	133,078

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

28. Provide a schedule showing a comparison of the balance in the revenue accounts for each of the 12 most recent months available at the time this response is prepared to the same month of the immediately preceding 12-month period year for each revenue account or subaccount included in Columbia's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Schedule 28.

Response:

Please see Attachment A for the response in the format of Schedule 28.

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 480 Residential Sales Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	2,935	1,914	1,810	1,756	1,875	2,254	4,109	6,881	9,391	9,335	8,397	6,249	56,906
Previous 12 Months	3,360	2,352	1,962	1,878	1,965	2,493	4,564	7,229	10,223	9,594	7,491	3,847	56,958
Increase	-	-	-	-	-	-	-	-	-	-	906	2,402	-
(Decrease)	(425)	(438)	(152)	(122)	(90)	(239)	(455)	(348)	(832)	(259)	-	-	(52)

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 481.1 Commercial Sales Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	995	754	730	717	789	820	1,565	2,589	3,847	3,802	3,346	2,490	22,444
Previous 12 Months	1,475	1,056	903	839	934	1,141	1,931	3,195	4,141	3,913	3,010	1,651	24,189
Increase	-	-	-	-	-	-	-	-	-	-	336	839	-
(Decrease)	(480)	(302)	(173)	(122)	(145)	(321)	(366)	(606)	(294)	(111)	-	-	(1,745)

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 481.2 Industrial Sales Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	82	137	61	66	99	85	120	181	170	160	149	150	1,460
Previous 12 Months	85	45	37	74	65	87	81	107	122	152	144	68	1,067
Increase	-	92	24	-	34	-	39	74	48	8	5	82	393
(Decrease)	(3)	-	-	(8)	-	(2)	-	-	-	-	-	-	-

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 483 Public Utilities	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	5	3	3	3	4	3	6	4	7	22	13	10	83
Previous 12 Months	8	6	5	4	2	4	5	7	10	12	12	7	82
Increase	-	-	-	-	2	-	1	-	-	10	1	3	1
(Decrease)	(3)	(3)	(2)	(1)	-	(1)	-	(3)	(3)	-	-	-	-

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 487 Forfeited Discounts	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	30	27	18	16	17	17	19	31	46	67	47	67	402
Previous 12 Months	49	29	20	17	52	(20)	23	32	46	66	64	54	432
Increase	-	-	-	-	-	37	-	-	-	1	-	13	-
(Decrease)	(19)	(2)	(2)	(1)	(35)	-	(4)	(1)	-	-	(17)	-	(30)

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 488 Misc. Service Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	10	10	7	7	11	16	18	10	10	13	12	8	132
Previous 12 Months	11	11	8	8	10	19	22	4	13	18	15	16	155
Increase	-	-	-	-	1	-	-	6	-	-	-	-	-
(Decrease)	(1)	(1)	(1)	(1)	-	(3)	(4)	-	(3)	(5)	(3)	(8)	(23)

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 489 Transportation Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	1,241	1,138	1,121	1,087	1,164	1,289	1,658	2,071	2,643	2,528	2,226	1,761	19,927
Previous 12 Months	1,318	1,107	1,125	1,041	1,132	1,260	1,610	2,107	2,574	2,416	2,013	1,583	19,286
Increase	-	31	-	46	32	29	48	-	69	112	213	178	641
(Decrease)	(77)	-	(4)	-	-	-	-	(36)	-	-	-	-	-

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 489 Unbilled Transportation Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	(94)	(20)	(1)	27	32	173	292	106	(30)	(77)	(109)	(316)	(17)
Previous 12 Months	(36)	(66)	(6)	-	43	192	152	171	(3)	(85)	(378)	6	(10)
Increase	-	46	5	27	-	-	140	-	-	8	269	-	-
(Decrease)	(58)	-	-	-	(11)	(19)	-	(65)	(27)	-	-	(322)	(7)

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 493 Rent from Gas Property	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	1	1	1	1	1	1	1	1	1	1	21	8	39
Previous 12 Months	-	-	-	-	-	-	-	17	1	1	1	1	21
Increase	1	1	1	1	1	1	1	-	-	-	20	7	18
(Decrease)	-	-	-	-	-	-	-	(16)	-	-	-	-	-

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 495 Other Gas Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	819	16	141	154	16	406	200	574	2,769	1,958	1,038	3,462	11,553
Previous 12 Months	2,670	1,894	786	12	924	672	710	1,408	956	356	34	68	10,490
Increase	-	-	-	142	-	-	-	-	1,813	1,602	1,004	3,394	1,063
(Decrease)	(1,851)	(1,878)	(645)	-	(908)	(266)	(510)	(834)	-	-	-	-	-

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

Comparison of Revenue Account Balances
With Those of the Preceding Year
"000 Omitted"

Account 495 Unbilled Gas Revenue	May-12 / May-11	Jun-12 / Jun-11	Jul-12 / Jul-11	Aug-12 / Aug-11	Sep-12 / Sep-11	Oct-12 / Oct-11	Nov-12 / Nov-11	Dec-12 / Dec-11	Jan-13 / Jan-12	Feb-13 / Feb-12	Mar-13 / Mar-12	Apr-13 / Apr-12	Total
Most Recent 12 Months	(985)	(350)	(4)	103	149	1,275	2,212	2,310	(89)	(1,183)	(1,307)	(2,376)	(245)
Previous 12 Months	(253)	(827)	14	(14)	352	1,844	2,092	1,968	189	(1,269)	(3,081)	(939)	76
Increase	-	477	-	117	-	-	120	342	-	86	1,774	-	-
(Decrease)	(732)	-	(18)	-	(203)	(569)	-	-	(278)	-	-	(1,437)	(321)

PSC approved non-base rates:		May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
Gas Cost Recovery	$/Mcf	5.8813	5.4551	5.4551	5.4551	5.6418	5.6418	5.6418	5.4498	5.4498	5.4498	5.5886	5.5886
Energy Assistance Program	$/Mcf	0.0592	0.0592	0.0592	0.0592	0.0592	0.0592	0.0592	0.0592	0.0592	0.0592	0.0556	0.0556
AMRP - Rate GSR, SVGTS	$/Bill	0.50	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72	0.72
AMRP - Rate GSO, GDS, SVGTS	$/Bill	1.87	2.69	2.69	2.69	2.69	2.69	2.69	2.69	2.69	2.69	2.69	2.69
AMRP - Rate IUS, IUDS	$/Bill	19.71	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10	32.10
AMRP - Rate IS, DS, SAS	$/Bill	108.19	161.38	161.38	161.38	161.38	161.38	161.38	161.38	161.38	161.38	161.38	161.38
Energy Efficiency Conservation	$/Bill	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76
		May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Gas Cost Recovery	$/Mcf	5.5886	3.7230	3.7230	3.7230	3.5459	3.5459	3.5459	4.2366	4.2366	4.2366	4.1237	4.1237
Energy Assistance Program	$/Mcf	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0556	0.0615	0.0615
AMRP - Rate GSR, SVGTS	$/Bill	0.72	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06	1.06
AMRP - Rate GSO, GDS, SVGTS	$/Bill	2.69	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98	3.98
AMRP - Rate IUS, IUDS	$/Bill	32.10	41.38	41.38	41.38	41.38	41.38	41.38	41.38	41.38	41.38	41.38	41.38
AMRP - Rate IS, DS, SAS	$/Bill	161.38	237.59	237.59	237.59	237.59	237.59	237.59	237.59	237.59	237.59	237.59	237.59
Energy Efficiency Conservation	$/Bill	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	-0.24	-0.24	-0.24
Increase / (Decrease)		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	April
Gas Cost Recovery	$/Mcf	(0.2927)	(1.7321)	(1.7321)	(1.7321)	(2.0959)	(2.0959)	(2.0959)	(1.2132)	(1.2132)	(1.2132)	(1.4649)	(1.4649)
Energy Assistance Program	$/Mcf	(0.0036)	(0.0036)	(0.0036)	(0.0036)	(0.0036)	(0.0036)	(0.0036)	(0.0036)	(0.0036)	(0.0036)	0.0059	0.0059
AMRP - Rate GSR, SVGTS	$/Bill	0.22	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34
AMRP - Rate GSO, GDS, SVGTS	$/Bill	0.82	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
AMRP - Rate IUS, IUDS	$/Bill	12.39	9.28	9.28	9.28	9.28	9.28	9.28	9.28	9.28	9.28	9.28	9.28
AMRP - Rate IS, DS, SAS	$/Bill	53.19	76.21	76.21	76.21	76.21	76.21	76.21	76.21	76.21	76.21	76.21	76.21
Energy Efficiency Conservation	$/Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.00)	(1.00)	(1.00)

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

29. Provide the following expense account data:

a. A schedule showing a comparison of the balance in Columbia's operating expense accounts for each month of the most recent 12 months for which information is available at the time the application is filed to the same month of the preceding 12-month period for each account or subaccount included in Columbia's chart of accounts. See Schedule 29.

b. A schedule, in comparative form, showing the operating expense account balance for the base period and each of the three most recent calendar years for each account or subaccount included in Columbia's annual report. Show the percentage of increase or decrease of each year over the prior year.

c. A listing, with descriptions, of all activities, initiatives or programs undertaken or continued by Columbia since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

Response:

a. Please refer to Attachment A of the response.

b. Please refer to Attachment B of the response.

c. Columbia has undertaken a number of activities to help minimize costs and improve efficiency since it last rate case. Please refer to the direct testimony of Columbia witnesses Miller, Katko and others for examples of such activities. Columbia has integrated computer software and GIS mapping capabilities to identify pipeline replacement opportunities, leak repairs, emergency response and engineering design. Columbia has also improved its outreach to local community officials to coordinate infrastructure and construction activities. Columbia filed its Distribution Integrity Management Program (DIMP) with the Commission in which Columbia describes its risk assessment activities and has added damage prevention coordinators to promote pipeline safety. Other activities include the promotion of customer payments by electronic means, the ability to make a payment at Kroger stores and Wal-Marts instead of by regular mail or in-person. Columbia has also made efforts to manage O&M costs for labor expense by managing personnel expenses.

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARISON OF OPERATING EXPENSE ACCOUNTS
CURRENT PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2013
PRECEDING PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
			$	$	$	$	$	$	$	$	$	$	$	$	$
1	403 - 404	DEPRECIATION AND AMORTIZATION EXPENSE													
2		CURRENT PERIOD	548,564	553,412	553,490	566,321	568,572	568,452	571,973	576,826	574,571	576,237	583,381	585,381	6,827,179
3		PRECEDING PERIOD	508,702	509,734	510,778	508,824	523,604	529,853	530,864	535,258	537,451	536,998	540,099	554,398	6,326,563
4		DIFFERENCE	39,862	43,678	42,712	57,497	44,968	38,599	41,109	41,568	37,120	39,239	43,282	30,983	500,616
5	406	AMORTIZATION-GAS PLANT ACQUISITION ADJUSTMENTS													
6		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
7		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
8		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
9	408	TAXES OTHER THAN INCOME TAXES - PROPERTY													
10		CURRENT PERIOD	219,005	204,739	204,738	198,649	204,405	204,406	175,806	117,723	221,417	221,323	221,322	215,059	2,408,592
11		PRECEDING PERIOD	186,821	173,856	184,660	207,828	185,721	192,720	185,720	185,721	201,387	201,388	208,690	203,821	2,318,333
12		DIFFERENCE	32,184	30,883	20,078	(9,179)	18,684	11,686	(9,914)	(67,998)	20,030	19,935	12,632	11,238	90,259
13	408	TAXES OTHER THAN INCOME TAXES - PAYROLL													
14		CURRENT PERIOD	39,006	59,207	36,263	37,255	37,343	37,340	76,941	49,288	47,476	50,216	42,268	37,446	550,049
15		PRECEDING PERIOD	34,488	33,682	55,432	33,979	30,320	31,276	38,894	67,992	52,364	51,104	40,187	41,994	511,712
16		DIFFERENCE	4,518	25,525	(19,169)	3,276	7,023	6,064	38,047	(18,704)	(4,888)	(888)	2,081	(4,548)	38,337
17	408	TAXES OTHER THAN INCOME TAXES - OTHER													
18		CURRENT PERIOD	1,821	110	888	1,117	977	4,107	127	323	16	44	14	91	9,635
19		PRECEDING PERIOD	133	1,436	1,604	1,157	193	33	4,563	1,237	264	79	4	138	10,841
20		DIFFERENCE	1,688	(1,326)	(716)	(40)	784	4,074	(4,436)	(914)	(248)	(35)	10	(47)	(1,206)
21	717	LIQUEFIED PETROLEUM GAS EXPENSES													
22		CURRENT PERIOD	185	79	101	103	56	79	112	186	141	173	347	198	1,760
23		PRECEDING PERIOD	145	207	0	108	118	80	88	203	191	165	180	157	1,642
24		DIFFERENCE	40	(128)	101	(5)	(62)	(1)	24	(17)	(50)	8	167	41	118
25	723	FUEL FOR LIQUEFIED PETROLEUM GAS PROCESS													
26		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
27		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
28		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
29	728	LIQUEFIED PETROLEUM GAS													
30		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
31		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
32		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
33	741	STRUCTURES & IMPROVEMENTS													
34		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
35		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
36		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
37	742	PRODUCTION EQUIPMENT													
38		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
39		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
40		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
41	801 - 803	NATURAL GAS FIELD & TRANSMISSION LINE PURCHASES													
42		CURRENT PERIOD	1,785,417	2,270,275	3,724,094	7,881,950	3,387,103	3,132,411	4,175,871	5,061,859	5,113,883	5,930,258	3,531,933	7,110,014	53,105,068
43		PRECEDING PERIOD	10,946,033	4,935,594	7,390,529	8,045,940	2,900,589	4,546,415	4,706,945	6,381,569	5,251,996	3,115,489	1,305,165	2,166,112	61,692,376
44		DIFFERENCE	(9,160,616)	(2,665,319)	(3,666,435)	(163,990)	486,514	(1,414,004)	(531,074)	(1,319,710)	(138,113)	2,814,769	2,226,768	4,943,902	(8,587,308)

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARISON OF OPERATING EXPENSE ACCOUNTS
CURRENT PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2013
PRECEDING PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
			$	$	$	$	$	$	$	$	$	$	$	$	$
1	804	NATURAL GAS CITY GATE PURCHASES													
2		CURRENT PERIOD	35,573	24,173	(11,428)	(3,342)	21,299	48,501	103,254	(14,602)	91,982	272,912	351,427	98,100	1,017,849
3		PRECEDING PERIOD	16,541	40,071	36,279	37,918	28,940	40,954	72,909	252,676	262,376	94,845	74,529	34,364	992,402
4		DIFFERENCE	19,032	(15,898)	(47,707)	(41,260)	(7,641)	7,547	30,345	(267,278)	(170,394)	178,067	276,898	63,736	25,447
5	805	OTHER GAS PURCHASES													
6		CURRENT PERIOD	1,952,534	(324,843)	(674,505)	(140,429)	382,554	(2,504,835)	(3,912,415)	(2,933,978)	(3,661,015)	(861,211)	(1,529,725)	(2,229,709)	(16,437,577)
7		PRECEDING PERIOD	1,243,931	441,772	(221,865)	(398,452)	(107,706)	(2,072,693)	(2,224,559)	(132,974)	1,146,996	2,462,350	561,914	5,520,927	6,219,641
8		DIFFERENCE	708,603	(766,615)	(452,640)	258,023	490,260	(432,142)	(1,687,856)	(2,801,004)	(4,808,011)	(3,323,561)	(2,091,639)	(7,750,636)	(22,657,218)
9	806	EXCHANGE GAS													
10		CURRENT PERIOD	451,329	1,531,489	1,244,515	(1,475,332)	842,463	2,482,122	1,239,182	(1,508,530)	(3,148,130)	(3,831,310)	(3,161,996)	1,085,748	(4,248,450)
11		PRECEDING PERIOD	1,727,677	5,311,025	314,971	1,274,971	4,499,325	2,571,434	1,145,416	(3,473,922)	(4,686,581)	(4,593,784)	(1,099,859)	(556,753)	2,433,920
12		DIFFERENCE	(1,276,348)	(3,779,536)	929,544	(2,750,303)	(3,656,862)	(89,312)	93,766	1,965,392	1,538,451	762,474	(2,062,137)	1,642,501	(6,682,370)
13	807	PURCHASED GAS EXPENSE - BROKERAGE FEE													
14		CURRENT PERIOD	3,383	2,923	2,294	2,176	1,882	1,870	2,658	2,163	1,944	1,792	1,115	568	24,768
15		PRECEDING PERIOD	2,196	2,900	2,799	3,110	3,680	3,969	3,502	2,233	3,365	3,361	3,384	3,397	37,896
16		DIFFERENCE	1,187	23	(505)	(934)	(1,798)	(2,099)	(844)	(70)	(1,421)	(1,569)	(2,269)	(2,829)	(13,128)
17	807	PURCHASED GAS EXPENSE													
18		CURRENT PERIOD	34,863	30,458	32,802	30,084	31,714	31,871	41,804	33,815	32,963	32,474	33,779	32,769	399,395
19		PRECEDING PERIOD	24,734	31,372	36,858	33,395	31,623	40,229	38,894	35,378	37,534	32,495	31,917	31,253	405,682
20		DIFFERENCE	10,129	(914)	(4,056)	(3,311)	91	(8,358)	2,910	(1,563)	(4,571)	(21)	1,862	1,516	(6,287)
21	808	GAS WITHDRAWN FROM STORAGE													
22		CURRENT PERIOD	(2,561,145)	(2,981,042)	(3,468,005)	(5,428,943)	(3,823,741)	(991,390)	2,771,922	6,523,244	12,100,872	7,755,990	8,293,153	487,608	18,678,523
23		PRECEDING PERIOD	(8,945,357)	(8,073,461)	(5,710,497)	(8,091,008)	(5,071,861)	(1,463,568)	1,996,178	5,855,627	8,179,726	7,123,930	2,822,462	(4,464,124)	(15,841,953)
24		DIFFERENCE	6,384,212	5,092,419	2,242,492	2,662,065	1,248,120	472,178	775,744	667,617	3,921,146	632,060	5,470,691	4,951,732	34,520,476
25	812	TOTAL GAS USED IN OPERATIONS													
26		CURRENT PERIOD	(3,750)	(3,714)	(3,845)	(3,956)	(2,516)	(2,133)	(3,243)	(4,986)	(13,361)	(13,978)	(12,005)	(9,656)	(77,143)
27		PRECEDING PERIOD	(5,370)	(4,145)	(4,102)	(3,445)	(3,111)	(3,141)	(3,513)	(4,965)	(10,890)	(9,280)	(5,769)	(3,689)	(61,420)
28		DIFFERENCE	1,620	431	257	(511)	595	1,008	270	(21)	(2,471)	(4,698)	(6,236)	(5,967)	(15,723)
29	813	EXCHANGE FEES													
30		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
31		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	16,204	16,204
32		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	(16,204)	(16,204)
33	870	SUPERVISION AND ENGINEERING													
34		CURRENT PERIOD	103,108	(7,611)	80,141	20,841	51,184	125,745	11,435	87,253	95,845	66,568	(17,754)	79,204	695,959
35		PRECEDING PERIOD	119,460	91,995	9,268	93,199	(22,177)	106,424	39,194	(17,242)	77,559	71,658	(12,724)	69,273	625,887
36		DIFFERENCE	(16,352)	(99,606)	70,873	(72,358)	73,361	19,321	(27,759)	104,495	18,286	(5,090)	(5,030)	9,931	70,072
37	871	DISTRIBUTION LOAD DISPATCHING													
38		CURRENT PERIOD	333	1,306	344	918	1,610	2,731	1,869	2,381	9,439	1,513	1,329	1,748	25,521
39		PRECEDING PERIOD	262	595	952	1,417	109	1,141	761	2,146	755	302	937	1,079	10,456
40		DIFFERENCE	71	711	(608)	(499)	1,501	1,590	1,108	235	8,684	1,211	392	669	15,065
41	874	MAINS AND SERVICES EXPENSES													
42		CURRENT PERIOD	221,156	224,796	196,810	185,123	201,148	190,506	314,758	324,315	201,335	267,716	315,121	202,170	2,844,954
43		PRECEDING PERIOD	214,458	205,758	225,154	236,025	228,275	200,910	186,580	272,429	287,935	211,262	237,956	177,751	2,684,493
44		DIFFERENCE	6,698	19,038	(28,344)	(50,902)	(27,127)	(10,404)	128,178	51,886	(86,600)	56,454	77,165	24,419	160,461

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARISON OF OPERATING EXPENSE ACCOUNTS
CURRENT PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2013
PRECEDING PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
			$	$	$	$	$	$	$	$	$	$	$	$	$
1	875	MEASURING AND REGULATION STA. EXPENSE - GEN.													
2		CURRENT PERIOD	27,151	28,537	24,941	23,870	18,754	20,917	(106)	11,537	15,126	16,999	24,097	13,337	225,160
3		PRECEDING PERIOD	16,758	11,530	15,312	19,616	17,872	20,323	19,806	20,585	21,752	20,204	31,634	40,783	256,175
4		DIFFERENCE	10,393	17,007	9,629	4,254	882	594	(19,912)	(9,048)	(6,626)	(3,205)	(7,537)	(27,446)	(31,015)
5	876	MEASURING AND REGULATION STA. EXPENSE - IND.													
6		CURRENT PERIOD	10,581	9,187	7,532	9,738	7,299	7,600	4,007	5,513	3,902	4,138	6,329	4,051	79,877
7		PRECEDING PERIOD	4,872	5,125	3,790	5,004	4,371	7,727	8,382	5,718	3,146	3,004	7,584	12,607	71,330
8		DIFFERENCE	5,709	4,062	3,742	4,734	2,928	(127)	(4,375)	(205)	756	1,134	(1,255)	(8,556)	8,547
9	878	METERS AND HOUSE REGULATOR EXPENSE													
10		CURRENT PERIOD	139,675	92,506	98,595	120,961	100,068	127,345	155,616	103,664	140,865	133,355	173,803	115,031	1,501,485
11		PRECEDING PERIOD	107,485	117,730	116,837	116,161	128,469	148,939	125,681	145,158	132,158	160,919	148,082	132,843	1,580,462
12		DIFFERENCE	32,190	(25,224)	(18,242)	4,800	(28,401)	(21,594)	29,935	(41,494)	8,707	(27,564)	25,721	(17,812)	(78,977)
13	879	CUSTOMER INSTALLATIONS EXPENSE													
14		CURRENT PERIOD	109,556	102,444	83,424	133,456	111,541	137,726	146,753	130,360	128,558	121,515	153,541	133,463	1,492,337
15		PRECEDING PERIOD	86,658	85,455	118,221	118,295	121,739	113,515	112,851	106,313	114,841	116,354	149,160	108,481	1,351,883
16		DIFFERENCE	22,898	16,989	(34,797)	15,161	(10,198)	24,211	33,902	24,047	13,717	5,161	4,381	24,982	140,454
17	880	OTHER EXPENSE													
18		CURRENT PERIOD	88,304	65,285	101,998	122,131	72,423	74,691	93,982	88,248	92,865	94,924	134,313	87,867	1,117,031
19		PRECEDING PERIOD	96,043	92,728	74,285	114,176	101,747	68,163	77,022	207,542	75,928	92,787	120,198	63,111	1,183,730
20		DIFFERENCE	(7,739)	(27,443)	27,713	7,955	(29,324)	6,528	16,960	(119,294)	16,937	2,137	14,115	24,756	(66,699)
21	881	RENTS													
22		CURRENT PERIOD	5,303	8,705	5,330	5,800	5,832	5,427	11,071	8,223	5,578	7,936	4,541	5,715	79,461
23		PRECEDING PERIOD	5,379	9,972	5,406	5,550	5,874	6,234	7,730	9,207	8,028	5,552	6,660	5,966	81,558
24		DIFFERENCE	(76)	(1,267)	(76)	250	(42)	(807)	3,341	(984)	(2,450)	2,384	(2,119)	(251)	(2,097)
25	885	SUPERVISION AND ENGINEERING													
26		CURRENT PERIOD	992	941	1,092	1,554	951	1,082	964	1,112	1,262	1,515	1,175	1,310	13,950
27		PRECEDING PERIOD	1,285	876	866	1,083	1,569	1,121	982	984	1,131	1,506	1,377	1,039	13,819
28		DIFFERENCE	(293)	65	226	471	(618)	(39)	(18)	128	131	9	(202)	271	131
29	886	STRUCTURES AND IMPROVEMENTS													
30		CURRENT PERIOD	14,753	7,411	8,396	14,477	8,360	15,842	12,594	82,425	11,148	17,350	19,775	12,774	225,306
31		PRECEDING PERIOD	6,654	10,024	33,315	7,454	8,941	9,575	9,721	10,908	10,778	7,937	14,808	13,942	144,057
32		DIFFERENCE	8,099	(2,613)	(24,919)	7,023	(581)	6,267	2,873	71,517	370	9,413	4,967	(1,168)	81,249
33	887	MAINS													
34		CURRENT PERIOD	84,442	205,762	243,058	110,666	98,900	89,279	112,799	215,523	93,263	66,853	141,734	95,676	1,557,956
35		PRECEDING PERIOD	105,912	76,487	140,996	142,512	106,470	37,237	96,434	108,613	83,091	92,807	98,632	96,208	1,185,399
36		DIFFERENCE	(21,470)	129,275	102,062	(31,846)	(7,570)	52,042	16,365	106,910	10,172	(25,954)	43,102	(532)	372,557
37	889	MEASURING AND REGULATION STA. EXPENSE - GEN.													
38		CURRENT PERIOD	29,743	30,848	31,592	41,300	26,453	30,480	(4,097)	8,519	6,462	10,261	22,868	24,066	258,495
39		PRECEDING PERIOD	23,229	18,584	21,424	14,300	18,774	16,503	7,411	8,257	5,943	9,294	31,383	42,042	217,144
40		DIFFERENCE	6,514	12,264	10,168	27,000	7,679	13,977	(11,508)	262	519	967	(8,515)	(17,976)	41,351
41	890	MEASURING AND REGULATION STA. EXPENSE - IND.													
42		CURRENT PERIOD	13,077	9,537	9,571	10,078	6,026	7,247	(4,250)	5,078	4,461	5,520	7,421	6,793	80,559
43		PRECEDING PERIOD	7,917	5,740	3,275	4,753	6,335	6,902	5,100	5,283	5,125	11,126	10,476	18,316	90,348
44		DIFFERENCE	5,160	3,797	6,296	5,325	(309)	345	(9,350)	(205)	(664)	(5,606)	(3,055)	(11,523)	(9,789)

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARISON OF OPERATING EXPENSE ACCOUNTS
CURRENT PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2013
PRECEDING PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
			$	$	$	$	$	$	$	$	$	$	$	$	$
1	892	SERVICES													
2		CURRENT PERIOD	18,228	18,908	32,168	45,732	17,245	23,210	51,156	(53,517)	30,209	24,478	54,693	(24,939)	237,571
3		PRECEDING PERIOD	37,843	22,549	56,733	91,816	29,586	23,012	17,773	20,198	31,033	17,204	10,095	20,052	377,894
4		DIFFERENCE	(19,615)	(3,641)	(24,565)	(46,084)	(12,341)	198	33,383	(73,715)	(824)	7,274	44,598	(44,991)	(140,323)
5	893	METERS AND HOUSE REGULATORS													
6		CURRENT PERIOD	20,800	22,969	32,420	19,375	20,045	12,046	6,811	23,232	7,946	10,505	11,780	17,370	205,299
7		PRECEDING PERIOD	17,416	28,897	29,572	13,516	17,873	7,369	16,870	10,214	4,041	27,552	31,717	18,157	223,194
8		DIFFERENCE	3,384	(5,928)	2,848	5,859	2,172	4,677	(10,059)	13,018	3,905	(17,047)	(19,937)	(787)	(17,895)
9	894	OTHER EQUIPMENT													
10		CURRENT PERIOD	17,416	37,049	16,213	26,584	37,922	22,010	31,871	51,189	27,805	23,002	32,394	20,946	344,401
11		PRECEDING PERIOD	22,786	14,091	20,258	27,019	23,783	18,747	22,512	33,525	16,152	23,717	34,113	22,751	279,454
12		DIFFERENCE	(5,370)	22,958	(4,045)	(435)	14,139	3,263	9,359	17,664	11,653	(715)	(1,719)	(1,805)	64,947
13	901	SUPERVISION													
14		CURRENT PERIOD	496	361	616	957	434	585	583	646	733	607	525	509	7,052
15		PRECEDING PERIOD	645	176	231	426	1,007	632	425	405	544	598	732	423	6,244
16		DIFFERENCE	(149)	185	385	531	(573)	(47)	158	241	189	9	(207)	86	808
17	902	METER READING EXPENSES													
18		CURRENT PERIOD	103,979	134,767	124,064	128,036	126,360	125,001	124,903	121,664	124,002	121,955	129,137	126,815	1,490,683
19		PRECEDING PERIOD	121,348	120,714	130,238	120,637	131,660	121,690	118,593	119,761	123,009	120,988	124,524	115,962	1,469,124
20		DIFFERENCE	(17,369)	14,053	(6,174)	7,399	(5,300)	3,311	6,310	1,903	993	967	4,613	10,853	21,559
21	903	CUSTOMER RECORDS & COLLECTIONS - UTILITY SERVICES													
22		CURRENT PERIOD	256,772	234,265	257,207	237,492	232,826	235,710	280,853	228,080	241,501	286,962	277,100	245,850	3,014,618
23		PRECEDING PERIOD	244,128	264,408	242,468	251,860	259,795	269,701	280,739	272,696	1,110,007	(523,201)	288,018	284,202	3,244,821
24		DIFFERENCE	12,644	(30,143)	14,739	(14,368)	(26,970)	(33,991)	114	(44,616)	(868,506)	810,163	(10,918)	(38,352)	(230,203)
25	904	UNCOLLECTIBLE ACCOUNTS													
26		CURRENT PERIOD	49,324	10,119	(289,723)	98,598	10,888	25,286	(7,403)	115,532	133,338	117,735	103,531	8,856	376,082
27		PRECEDING PERIOD	90,276	39,268	13,823	(1,040,019)	49,077	146,221	53,116	262,486	144,155	197,963	82,686	97,044	136,096
28		DIFFERENCE	(40,952)	(29,149)	(303,546)	1,138,617	(38,189)	(120,935)	(60,519)	(146,954)	(10,817)	(80,228)	20,845	(88,188)	239,986
29	905	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSES													
30		CURRENT PERIOD	49	219	125	155	195	75	194	125	125	88	137	28	1,514
31		PRECEDING PERIOD	186	106	126	60	124	144	124	131	50	166	200	145	1,562
32		DIFFERENCE	(137)	113	(1)	95	71	(69)	70	(6)	75	(78)	(63)	(117)	(48)
33	907	SUPERVISION													
34		CURRENT PERIOD	5,851	590	1,009	14,214	740	11,206	951	1,056	12,262	5,991	857	832	55,559
35		PRECEDING PERIOD	6,054	288	378	695	1,645	12,884	695	3,311	1,955	977	1,518	995	31,395
36		DIFFERENCE	(203)	302	631	13,519	(905)	(1,678)	256	(2,255)	10,307	5,014	(661)	(163)	24,164
37	908	CUSTOMER ASSISTANCE EXPENSES													
38		CURRENT PERIOD	53,090	47,070	39,391	38,359	145,709	129,267	148,759	277,803	51,777	174,464	170,974	161,624	1,438,286
39		PRECEDING PERIOD	48,809	61,869	46,811	84,155	41,658	69,298	55,856	68,940	52,818	100,038	34,932	87,881	753,065
40		DIFFERENCE	4,281	(14,799)	(7,420)	(45,796)	104,051	59,969	92,903	208,863	(1,041)	74,426	136,042	73,743	685,221
41	909	INFORMATIONAL AND INSTR. ADVERT. EXPENSES													
42		CURRENT PERIOD	9,159	5,162	176	0	(2,133)	0	0	29,619	0	0	0	0	41,983
43		PRECEDING PERIOD	7,839	13,489	4,867	115	0	0	18,428	0	0	0	0	6,765	51,503
44		DIFFERENCE	1,320	(8,327)	(4,691)	(115)	(2,133)	0	(18,428)	29,619	0	0	0	(6,765)	(9,520)

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARISON OF OPERATING EXPENSE ACCOUNTS
CURRENT PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2013
PRECEDING PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
			$	$	$	$	$	$	$	$	$	$	$	$	$
1	910	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSE													
2		CURRENT PERIOD	27,591	31,748	24,196	25,113	22,902	27,570	30,315	19,542	28,609	36,885	23,968	27,510	325,948
3		PRECEDING PERIOD	34,669	37,557	35,748	40,662	42,501	36,261	41,429	31,153	40,428	34,286	36,234	38,030	448,958
4		DIFFERENCE	(7,078)	(5,809)	(11,552)	(15,549)	(19,599)	(8,691)	(11,114)	(11,611)	(11,819)	2,599	(12,266)	(10,520)	(123,010)
5	911	SUPERVISION													
6		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
7		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
8		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
9	912	DEMONSTRATING AND SELLING EXPENSES													
10		CURRENT PERIOD	627	1,245	2,896	4,683	2,647	7,959	4,756	3,824	3,076	5,556	9,095	5,794	52,157
11		PRECEDING PERIOD	520	825	1,472	2	206	1,768	264	407	2,286	1,023	537	902	10,212
12		DIFFERENCE	107	420	1,424	4,681	2,441	6,191	4,492	3,417	790	4,533	8,558	4,892	41,945
13	913	ADVERTISING EXPENSE													
14		CURRENT PERIOD	4,193	550	(10,260)	84	2,867	1,750	15,658	6,889	0	5,017	4,186	5,745	36,679
15		PRECEDING PERIOD	12,935	4,020	948	2,605	33	4,003	55,185	5,555	2,244	1,173	2,111	11,400	102,212
16		DIFFERENCE	(8,742)	(3,470)	(11,208)	(2,521)	2,834	(2,253)	(39,527)	1,334	(2,244)	3,844	2,075	(5,655)	(65,533)
17	921	OFFICE SUPPLIES ADMINISTRATIVE & GENERAL													
18		CURRENT PERIOD	28,892	51,575	37,117	50,693	34,484	38,164	32,655	48,864	49,539	45,171	61,614	33,267	512,015
19		PRECEDING PERIOD	18,769	25,386	18,432	25,066	22,840	26,465	34,900	100,584	30,206	56,982	41,297	29,383	430,310
20		DIFFERENCE	10,123	26,189	18,685	25,627	11,624	11,699	(2,245)	(51,720)	19,333	(11,811)	20,317	3,884	81,705
21	920	ADMINISTRATIVE AND GENERAL SALARIES													
22		CURRENT PERIOD	76,510	80,048	83,706	92,473	81,829	85,446	213,231	83,584	89,771	92,871	66,859	84,006	1,130,334
23		PRECEDING PERIOD	87,155	67,535	77,928	87,328	95,611	54,976	142,102	185,543	85,753	80,770	72,907	71,281	1,108,889
24		DIFFERENCE	(10,645)	12,513	5,778	5,145	(13,782)	30,470	71,129	(101,959)	4,018	12,101	(6,048)	12,725	21,445
25	921	OFFICE SUPPLIES CUSTOMER ACCOUNTS													
26		CURRENT PERIOD	9	8	10	9	9	9	12	19	53	56	48	39	281
27		PRECEDING PERIOD	10	8	9	8	7	6	8	13	28	23	143	8	271
28		DIFFERENCE	(1)	0	1	1	2	3	4	6	25	33	(95)	31	10
29	921	OFFICE SUPPLIES CUSTOMER SERVICE													
30		CURRENT PERIOD	119	111	135	127	121	121	176	262	732	773	665	534	3,876
31		PRECEDING PERIOD	131	109	114	105	95	92	108	175	382	314	66	113	1,804
32		DIFFERENCE	(12)	2	21	22	26	29	68	87	350	459	599	421	2,072
33	923	OUTSIDE SERVICES EMPLOYED													
34		CURRENT PERIOD	721,653	736,600	793,726	825,603	824,807	760,174	986,478	807,631	710,281	810,153	964,485	842,127	9,783,717
35		PRECEDING PERIOD	687,481	778,869	739,074	810,091	731,072	714,838	769,950	818,088	694,960	716,810	763,228	710,154	8,934,615
36		DIFFERENCE	34,172	(42,269)	54,652	15,512	93,735	45,336	216,528	(10,457)	15,321	93,343	201,257	131,973	849,102
37	924	PROPERTY INSURANCE PREMIUMS													
38		CURRENT PERIOD	6,606	6,606	7,193	7,502	7,071	7,343	7,343	7,062	7,040	7,343	7,343	7,343	85,795
39		PRECEDING PERIOD	7,103	7,234	6,464	6,078	6,268	7,614	6,606	6,606	6,606	6,606	6,606	6,606	80,397
40		DIFFERENCE	(497)	(628)	729	1,424	803	(271)	737	456	434	737	737	737	5,398
41	925	INJURIES AND DAMAGES													
42		CURRENT PERIOD	49,200	63,671	83,651	48,517	53,053	63,566	75,817	104,409	66,597	63,811	67,733	28,470	768,496
43		PRECEDING PERIOD	67,157	202,386	86,287	62,534	47,857	88,203	63,961	56,267	69,293	68,237	69,767	55,123	937,072
44		DIFFERENCE	(17,957)	(138,715)	(2,636)	(14,017)	5,196	(24,637)	11,856	48,142	(2,696)	(4,426)	(2,034)	(26,653)	(168,576)

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARISON OF OPERATING EXPENSE ACCOUNTS
CURRENT PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2013
PRECEDING PERIOD: FOR THE TWELVE MONTHS ENDED APRIL 30, 2012

LINE NO.	ACCT NO.	ACCOUNT DESCRIPTION	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	TOTAL
			$	$	$	$	$	$	$	$	$	$	$	$	$
1	926	EMPLOYEE PENSIONS AND BENEFITS													
2		CURRENT PERIOD	194,959	163,248	208,586	208,697	200,129	169,485	402,952	198,162	140,784	145,363	1,285,180	97,293	3,414,838
3		PRECEDING PERIOD	166,151	181,471	209,972	154,967	189,697	190,850	(10,806)	231,818	192,707	200,353	197,489	220,995	2,125,664
4		DIFFERENCE	28,808	(18,223)	(1,386)	53,730	10,432	(21,365)	413,758	(33,656)	(51,923)	(54,990)	1,087,691	(123,702)	1,289,174
5	927	FRANCHISE REQUIREMENTS													
6		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
7		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
8		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
9	928	REGULATORY COMMISSION EXPENSE													
10		CURRENT PERIOD	22,714	22,714	24,700	24,700	24,700	24,703	17,288	17,288	17,288	17,288	17,288	17,288	247,958
11		PRECEDING PERIOD	27,232	27,232	22,714	22,714	22,714	22,714	22,713	22,714	22,714	22,714	22,714	22,714	281,603
12		DIFFERENCE	(4,518)	(4,518)	1,986	1,986	1,986	1,989	(5,425)	(5,426)	(5,426)	(5,426)	(5,426)	(5,426)	(33,645)
13	929	DUPLICATE CHARGES													
14		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
15		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
16		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
17	930	MISCELLANEOUS GENERAL													
18		CURRENT PERIOD	16,766	12,238	(24,176)	(2,381)	(467)	9,589	(2,381)	(2,381)	(2,381)	8,327	(38,677)	(3,829)	(29,753)
19		PRECEDING PERIOD	9,581	0	9,581	0	0	9,581	0	(28,574)	(2,381)	10,988	(2,209)	9,589	16,156
20		DIFFERENCE	7,185	12,238	(33,757)	(2,381)	(467)	8	(2,381)	26,193	0	(2,661)	(36,468)	(13,418)	(45,909)
21	931	RENTS													
22		CURRENT PERIOD	838	871	846	799	720	1,132	869	873	919	924	840	846	10,477
23		PRECEDING PERIOD	1,078	1,006	1,020	1,035	1,047	1,131	1,143	1,151	1,200	930	808	864	12,413
24		DIFFERENCE	(240)	(135)	(174)	(236)	(327)	1	(274)	(278)	(281)	(6)	32	(18)	(1,936)
25	935	MAINTENANCE OF GENERAL PLANT - ADMINISTRATIVE & GENERAL													
26		CURRENT PERIOD	320	0	0	0	225	0	0	0	0	0	0	0	545
27		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
28		DIFFERENCE	320	0	0	0	225	0	0	0	0	0	0	0	545
29	935	GENERAL PLANT - CUSTOMER SERVICE & INFORMATION													
30		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
31		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
32		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
33	935	MAINTENANCE OF GENERAL PLANT - CUSTOMER ACCOUNTS													
34		CURRENT PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
35		PRECEDING PERIOD	0	0	0	0	0	0	0	0	0	0	0	0	0
36		DIFFERENCE	0	0	0	0	0	0	0	0	0	0	0	0	0
37	TOTAL OPERATING EXPENSE VARIANCE														
38		CURRENT PERIOD	5,041,120	3,829,632	3,980,218	4,362,687	4,207,968	5,630,826	8,525,233	11,068,939	13,914,874	12,956,408	12,595,061	9,901,146	96,014,111
39		PRECEDING PERIOD	8,254,348	6,036,135	5,121,815	3,297,345	5,465,959	6,990,475	8,906,250	12,815,101	14,434,539	10,991,063	7,149,299	6,163,179	95,625,508
40		DIFFERENCE	(3,213,228)	(2,206,503)	(1,141,597)	1,065,342	(1,257,991)	(1,359,649)	(381,017)	(1,746,162)	(519,665)	1,965,345	5,445,762	3,737,967	388,603

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Comparison of Operating Expense Account Balance
With Those of Each Three Preceding Calendar Years and the Base Period

Line No.	FERC Acct	Description	2010	% Change	2011	% Change	2012	% Change	Base Period TME 08/31/2013
1		Depreciation							
2	403 - 404	Depreciation and Amortization	5,943,474	4.03%	6,182,943	7.98%	6,676,553	4.29%	6,962,687
3		Other Taxes							
4	408	Taxes Other Than Income - Property	2,039,043	10.36%	2,250,329	4.20%	2,344,757	5.39%	2,471,080
5	408	Taxes Other Than Income - Payroll	515,382	-4.13%	494,074	13.00%	558,292	1.85%	568,604
6	408	Taxes Other Than Income - Other	19,051	36.60%	26,023	-61.75%	9,955	-43.81%	5,594
7		Total Other Taxes	2,573,476	7.65%	2,770,426	5.15%	2,913,004	4.54%	3,045,278
8		Liquefied Petroleum Gas - Operation							
9	717	Liquefied Petroleum Gas Expense	1,529	8.57%	1,660	-4.22%	1,590	6.48%	1,693
10	723	Fuel for Liquefied Petroleum Gas Process	0	0.00%	0	0.00%	0	0.00%	0
11	728	Liquefied Petroleum Gas	0	0.00%	0	0.00%	0	0.00%	0
12	736	Rents	0	0.00%	0	0.00%	0	0.00%	0
13		Total Liquefied Petroleum Gas - Operation	1,529	8.57%	1,660	-4.22%	1,590	6.48%	1,693
14		Liquefied Petroleum Gas - Maintenance							
15	741	Structures and Improvements	0	0.00%	0	0.00%	0	0.00%	0
16	742	Production Equipment	71	-100.00%	0	0.00%	0	0.00%	0
17		Total Liquefied Petroleum Gas - Maintenance	71	-100.00%	0	0.00%	0	0.00%	0
18		Other Gas Supply Expenses							
19	801	Natural Gas Field Line Purchases	802,684	-7.99%	738,570	-37.49%	461,714	-17.70%	379,975
20	803	Natural Gas Transmission Line Purchases	81,529,641	7.94%	88,003,147	-51.37%	42,796,028	-7.74%	39,485,755
21	804	Natural Gas City Gate Purchases	1,665,682	-13.76%	1,436,498	-53.39%	669,542	16.80%	782,046
22	805	Other Gas Purchases	(14,424,246)	-119.78%	2,852,961	-46.15%	1,536,270	-944.48%	(12,973,500)
23	806	Exchange Gas	2,954,482	-74.70%	747,456	-920.08%	(6,129,739)	-6.44%	(5,735,102)
24	807	Other Purchased Gas Expense	450,395	-2.84%	437,621	-0.95%	433,465	0.81%	436,993
25	808.1	Gas Withdrawn from Storage	51,382,731	-29.91%	36,016,150	-19.49%	28,995,004	29.90%	37,663,834
26	808.2	Less: Gas Delivered to Storage	(44,645,826)	-1.67%	(43,899,797)	-42.39%	(25,292,110)	-50.89%	(12,421,487)
27	812	Gas used for Other Utility Operations	(99,795)	-21.74%	(78,097)	-26.03%	(57,771)	-30.39%	(40,217)
28	813	Exchange Fees	27,598	-100.00%	0	0.00%	16,204	-100.00%	0
29		Total Other Gas Supply Expenses	79,643,346	8.30%	86,254,509	-49.65%	43,428,607	9.56%	47,578,297
30		Distribution Expenses - Operation							
31	870	Operation Supervision and Engineering	941,512	-26.92%	688,018	-1.48%	677,858	18.49%	803,198
32	871	Distribution Load Dispatching	31,187	-57.45%	13,269	9.79%	14,568	84.07%	26,815
33	874	Mains and Services Expenses	2,613,867	4.89%	2,741,803	1.16%	2,773,513	2.35%	2,838,794
34	875	Meas. and Reg. Station Expenses - General	249,120	-8.19%	228,705	18.05%	269,975	-18.51%	219,990
35	876	Meas. and Reg. Station Expenses - Industrial	47,893	22.47%	58,656	49.68%	87,797	-13.18%	76,224
36	878	Meter and House Regulator Expenses	1,608,320	-5.55%	1,519,001	-0.43%	1,512,433	0.17%	1,515,039
37	879	Customer Installations Expenses	1,488,173	-6.29%	1,394,523	3.55%	1,444,097	3.79%	1,498,775
38	880	Other Expenses	1,350,065	-2.44%	1,317,120	-19.59%	1,059,086	-0.26%	1,056,366
39	881	Rents	80,367	0.08%	80,430	1.83%	81,901	4.69%	85,739
40		Total Distribution Expenses - Operation	8,410,504	-4.39%	8,041,525	-1.50%	7,921,228	2.52%	8,120,940
41		Distribution Expenses - Maintenance							
42	885	Maintenance Supervision and Engineering	16,026	-10.85%	14,287	-3.85%	13,737	-0.33%	13,692
43	886	Maintenance of Structures and Improvements	142,392	6.52%	151,676	39.59%	211,725	16.52%	246,692
44	887	Maintenance of Mains	1,410,568	-16.46%	1,178,452	29.93%	1,531,168	-7.44%	1,417,177
45	889	Meas. and Reg. Station Expenses - General	155,155	16.72%	181,098	56.55%	283,500	-23.33%	217,359
46	890	Meas. and Reg. Station Expenses - Industrial	72,749	-5.37%	68,844	47.30%	101,405	-25.12%	75,932
47	892	Maintenance of Services	453,343	-5.62%	427,858	-45.89%	231,514	2.99%	238,431
48	893	Maintenance of Meters and House Regulators	234,182	-10.62%	209,316	14.26%	239,164	-17.39%	197,572
49	894	Maintenance of Other Equipment	208,163	26.06%	262,404	28.42%	336,988	8.20%	364,610
50		Total Distribution Expenses - Maintenance	2,692,578	-7.38%	2,493,935	18.25%	2,949,201	-6.03%	2,771,465

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Comparison of Operating Expense Account Balance
With Those of Each Three Preceding Calendar Years and the Base Period

Line No.	FERC Acct	Description	2010	% Change	2011	% Change	2012	% Change	Base Period TME 08/31/2013
1		Customer Accounts Expenses - Operation							
2	901	Supervision	6,637	-3.96%	6,374	9.43%	6,975	0.62%	7,018
3	902	Meter Reading Expense	1,476,636	1.18%	1,494,021	-1.39%	1,473,257	-3.05%	1,428,382
4	903	Customer Records and Collection Expenses	2,940,775	8.13%	3,179,745	-1.81%	3,122,230	-0.43%	3,108,696
5	904	Uncollectible Accounts	1,230,283	-51.70%	594,185	-10.05%	534,473	36.78%	731,066
6	905	Miscellaneous Customer Accounts Expenses	995	53.17%	1,524	11.22%	1,695	6.19%	1,800
7	921	Office Supplies and Expenses	272	1198.53%	3,532	-91.87%	287	11.15%	319
8		Total Customer Accounts Expenses - Operation	5,655,598	-6.65%	5,279,381	-2.66%	5,138,917	2.69%	5,277,281
9		Customer Accounts Expenses - Maintenance							
10	935	Maintenance of General Plant	0	0.00%	0	0.00%	0	0.00%	0
11		Total Customer Accounts Expenses - Maintenance	0	0.00%	0	0.00%	0	0.00%	0
12		Customer Service & Information - Operation							
13	907	Supervision	38,314	4.57%	40,066	2.49%	41,062	34.43%	55,199
14	908	Customer Assistance Expenses	292,401	240.75%	996,356	15.93%	1,155,118	-13.54%	998,732
15	909	Informational and Instructional Expenses	57,810	-22.61%	44,737	8.97%	48,748	11.33%	54,271
16	910	Miscellaneous Cust. Service and Inf. Expenses	525,080	-14.26%	450,181	-20.49%	357,953	1.26%	362,474
17	921	Office Supplies and Expenses	3,711	-36.46%	2,358	-13.19%	2,047	63.02%	3,337
18		Total Customer Service & Information - Operation	917,316	67.19%	1,533,698	4.64%	1,604,928	-8.16%	1,474,013
19		Customer Service & Information - Maintenance							
20	935	Maintenance of General Plant	0	0.00%	0	0.00%	0	0.00%	0
21		Total Customer Service & Information - Maintenance	0	0.00%	0	0.00%	0	0.00%	0
22		Sales Expenses							
23	911	Supervision	0	0.00%	0	0.00%	0	0.00%	0
24	912	Demonstration and Selling Expenses	30,710	-65.68%	10,539	216.78%	33,385	38.14%	46,117
25	913	Advertising Expenses	729	11576.68%	85,123	-54.58%	38,659	38.22%	53,433
26	916	Miscellaneous Sales Expenses	0	0.00%	0	0.00%	0	0.00%	0
27		Total Sales Expenses	31,439	204.28%	95,662	-24.69%	72,044	38.18%	99,550
28		Administrative and General Salaries - Operation							
29	920	Administrative and General Salaries	1,162,483	-5.37%	1,100,057	0.68%	1,107,536	7.58%	1,191,445
30	921	Office Supplies and Expenses	280,228	26.15%	353,514	35.86%	480,292	8.09%	519,125
31	922	Less: Administrative Expenses Transferred	0	0.00%	0	0.00%	0	0.00%	0
32	923	Outside Service Employed	8,059,703	8.76%	8,765,353	6.58%	9,341,809	4.34%	9,747,073
33	924	Property Insurance	94,186	-12.00%	82,880	0.33%	83,150	8.44%	90,165
34	925	Injuries and Damages	936,298	0.49%	940,914	-14.52%	804,311	6.56%	857,102
35	926	Employee Pensions and Benefits	2,722,523	-29.68%	1,914,522	33.60%	2,557,757	25.02%	3,197,725
36	927	Franchise Requirements	0	0.00%	0	0.00%	0	0.00%	0
37	928	Regulatory Commission Expenses	405,464	-26.09%	299,674	-10.01%	269,664	-1.93%	264,462
38	929	Less: Duplicate Charges	0	0.00%	0	0.00%	0	0.00%	0
39	930.1	General Advertising Expenses	0	0.00%	0	0.00%	0	0.00%	0
40	930.2	Miscellaneous General Expenses	41,970	-67.92%	13,466	69.27%	22,794	0.39%	22,882
41	931	Rents	7,045	82.70%	12,871	-16.48%	10,750	1.65%	10,927
42		Total Administrative and General Salaries - Operation	13,709,900	-1.65%	13,483,251	8.86%	14,678,063	8.33%	15,900,906
43		Administrative and General Salaries - Maintenance							
44	935	Maintenance of General Plant	225	-100.00%	0	0.00%	545	-11.38%	483
45		Total Administrative and General Salaries - Maintenance	225	-100.00%	0	0.00%	545	-11.38%	483
46		Total Operation Expenses	119,579,456	5.48%	126,136,990	-32.31%	85,384,680	6.85%	91,232,593

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

30. Provide a schedule of gas-operations net income, per Mcf sold, per company books for the base period and the three calendar years preceding the base period. This data should be provided as shown in Schedule 30.

Response:

Please refer to Attachment A for this response in the format of Schedule 30.

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Net Income per MCF Sold
For Calendar Years 2010, 2011, 2012 and the Base Period

Line No.	Description	2010	2011	2012	Base Period TME 08/31/2013
		$	$	$	$
1	Operating Income				
2	Total Operating Revenues	136,789,134	145,314,133	101,085,450	107,999,604
3	Operating Income Deductions				
4	Purchased Gas Cost	79,643,346	86,254,509	43,428,607	47,578,296
5	Liquefied Petroleum Gas Production Expenses	1,600	1,660	1,590	1,693
6	Distribution Expenses	11,103,082	10,535,460	10,870,429	10,892,404
7	Customer Accounts Expenses	5,655,598	5,279,381	5,138,917	5,277,281
8	Customer Service & Informational Expenses	917,316	1,533,698	1,604,928	1,474,013
9	Sales Expenses	31,439	95,662	72,044	99,550
10	Administrative & General Expenses	13,710,125	13,483,251	14,678,608	15,901,387
11	Total O&M Expenses	111,062,506	117,183,621	75,795,123	81,224,624
12	Depreciation Expenses	5,943,474	6,182,943	6,676,553	6,962,687
13	Amortization of Utility Plant Acquisition Adjustment	-	-	-	-
14	Taxes Other Than Income Taxes	2,573,476	2,770,426	2,913,004	3,045,278
15	Income Taxes - Federal	5,387,986	5,596,646	4,343,379	3,729,569
16	Income Taxes - State	949,794	957,185	624,350	656,331
17	Total Operating Expenses	125,917,236	132,690,821	90,352,409	95,618,490
18	Operating Income (Loss)	10,871,898	12,623,312	10,733,041	12,381,115
19	Other Income (Deductions)				
20	Non-utility Revenue	547,131	535,975	447,206	443,481
21	Interest and Dividend Income	318,145	897,082	784,298	593,891
22	Miscellaneous Non-operating Income	3,476,079	1,999,664	1,612,004	1,841,848
23	Other Miscellaneous Deductions	(314,250)	(390,916)	(343,325)	(372,681)
24	Total Other Income	4,027,105	3,041,805	2,500,183	2,506,539
25	Interest Expense				
26	Long-Term Interest Expense	4,083,824	4,659,432	4,672,201	4,913,281
27	Short-Term Interest Expense	159,156	169,244	87,686	49,445
28	AFUDC	(34,136)	(17,818)	(42,384)	(49,165)
29	Total Interest Expense	4,208,844	4,810,858	4,717,503	4,913,561
30	Total Other Income (Deductions)	(181,739)	(1,769,053)	(2,217,320)	(2,407,022)
31	**Net Income (Loss)**	10,690,159	10,854,259	8,515,721	9,974,093
32	Mcf Sold	10,755,466	10,236,140	8,335,684	9,442,511

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

31. Provide the comparative operating statistics for gas operations as shown in Schedule 31.

Response:

Please refer to Attachment A of this response which shows the information requested in Schedule 31.

Columbia Gas of Kentucky, Inc.

Schedule 31

Case No. 2013-00167

Comparative Operating Statistics
For the Calendar Years 2010 through 2012
(Total Company)

Line No.	Item	Three Most Recent Calendar Years					
		2010		2011		2012	
		Cost	% Inc.	Cost	% Inc.	Cost	% Inc.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Cost per Mcf of Purchased Gas	$4.52	17.10%	$4.20	-7.08%	$3.03	-27.86%
2.	Cost of Propane Gas per Mcf Equivalent for Peak Shaving	$0.00	0.00%	$0.00	0.00%	$0.00	0.00%
3.	Cost per Mcf of Gas Sold	$6.13	84.64%	$7.03	14.68%	$3.03	-56.90%
4.	Maintenance Cost per Distribution Mile	$1,049.04	-8.26%	$975.34	-7.03%	$1,151.35	18.05%
5.	Sales Promotion Expense per Customer	$0.23	-36.11%	$0.71	208.70%	$0.54	-23.94%
6.	Administration and General Expense per Customer	$101.74	-1.57%	$100.51	-1.21%	$109.93	9.37%
7.	Wages and Salaries - Charged Expense: per Average Employee	$58,351.82	9.86%	$57,446.71	-1.55%	$62,222.09	8.31%
8.	Depreciation Expense: per $100 of Average Depreciable Plant in Service	$2.09	-0.61%	$2.09	0.28%	$2.16	2.95%

Columbia Gas of Kentucky, Inc.

Schedule 31

Case No. 2013-00167

Comparative Operating Statistics
For the Calendar Years 2010 through 2012
(Total Company)

		Three Most Recent Calendar Years					
		2010		2011		2012	
Line No.	Item	Cost	% Inc.	Cost	% Inc.	Cost	% Inc.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
9.	Rent: per $100 of Average Gross						
	Plant in Service	$0.09	-11.21%	$0.09	0.00%	$0.10	11.11%
10.	Property Taxes: per $100 of Average						
	Net Plant in Service	$1.25	-2.84%	$1.33	6.40%	$1.30	-2.56%
11.	Payroll Taxes: per Average						
	Employee Whose Salary is						
	Charged to Expense	$4,190.10	3.76%	$4,187.07	-0.07%	$4,731.29	13.00%
12.	Interest Expense:						
13.	Per $100 of Average Debt						
	Outstanding	$5.46	-7.16%	$5.86	7.33%	$6.97	18.94%
14.	Per $100 of Average Plant						
	Investment	$1.46	-3.80%	$1.61	10.27%	$1.51	-6.21%
15.	Per Mcf Sold	$0.39	-2.92%	$0.47	20.51%	$0.57	21.28%
16.	Meter Reading Expense per Meter	$10.88	15.25%	$11.10	2.02%	$10.99	-0.99%

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

32. List separately the budgeted and actual numbers of full- and part time employees by employee group, by month and by year, for the three most recent calendar years, the base period, and the forecasted test period.

Response:

Please refer to Attachment A for the response.

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Employee Headcount
For the Three Most Recent Calendar Years

Line No.	Employee Group	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Total 2010
1	**Exempt Employees**													
2	Actual	18	18	18	19	19	19	19	20	20	20	20	20	19
3	Original Budget	18	18	18	18	18	18	18	18	18	18	18	18	18
4	**Manual**													
5	Actual	89	89	89	88	87	85	85	84	84	84	84	84	86
6	Original Budget	90	90	92	92	92	92	92	92	92	92	92	92	92
7	**Admin/Tech**													
8	Actual	17	17	17	17	17	18	18	18	18	18	18	18	18
9	Original Budget	18	18	19	19	19	19	19	19	19	19	19	19	19
10	**Regular Employees**													
11	**Actual**	**124**	**124**	**124**	**124**	**123**	**122**	**122**	**122**	**122**	**122**	**122**	**122**	**123**
12	**Original Budget**	**126**	**126**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**
13	Part Time													
14	Actual	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Original Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
16	**TOTAL EMPLOYEES**													
17	**Actual**	**124**	**124**	**124**	**124**	**123**	**122**	**122**	**122**	**122**	**122**	**122**	**122**	**123**
18	**Original Budget**	**126**	**126**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**	**129**

Line No.	Employee Group	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Total 2011
19	**Exempt Employees**													
20	Actual	20	20	20	20	20	18	18	18	18	18	18	18	19
21	Original Budget	20	20	20	20	20	20	20	20	20	20	20	20	20
22	**Manual**													
23	Actual	83	81	81	80	80	80	80	79	79	87	87	87	82
24	Original Budget	84	86	88	88	88	88	88	88	88	88	88	88	88
25	**Admin/Tech**													
26	Actual	17	17	17	17	17	16	16	17	17	17	17	17	17
27	Original Budget	17	17	18	18	18	18	18	18	18	18	18	18	18
28	**Regular Employees**													
29	**Actual**	**120**	**118**	**118**	**117**	**117**	**114**	**114**	**114**	**114**	**122**	**122**	**122**	**118**
30	**Original Budget**	**121**	**123**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**
31	**Part Time**													
32	Actual	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Original Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
34	**TOTAL EMPLOYEES**													
35	**Actual**	**120**	**118**	**118**	**117**	**117**	**114**	**114**	**114**	**114**	**122**	**122**	**122**	**118**
36	**Original Budget**	**121**	**123**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**	**126**

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Employee Headcount
For the Three Most Recent Calendar Years

Line No.	Employee Group	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Total 2012
1	**Exempt Employees**													
2	Actual	18	18	18	17	17	18	18	18	18	19	19	20	18
3	Original Budget	18	18	18	18	18	18	18	18	18	18	18	18	18
4	**Manual**													
5	Actual	87	87	86	80	80	80	77	76	88	87	85	80	83
6	Original Budget	88	88	88	88	88	88	90	90	90	90	90	90	89
7	**Admin/Tech**													
8	Actual	17	17	17	17	17	17	17	17	17	17	18	17	17
9	Original Budget	17	17	17	17	17	17	17	17	17	17	17	17	17
10	**Regular Employees**													
11	**Actual**	**122**	**122**	**121**	**114**	**114**	**115**	**112**	**111**	**123**	**123**	**122**	**117**	**118**
12	**Original Budget**	**123**	**123**	**123**	**123**	**123**	**123**	**125**	**125**	**125**	**125**	**125**	**125**	**124**
13	**Part Time**													
14	Actual	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Original Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
16	TOTAL EMPLOYEES													
17	**Actual**	**122**	**122**	**121**	**114**	**114**	**115**	**112**	**111**	**123**	**123**	**122**	**117**	**118**
18	**Original Budget**	**123**	**123**	**123**	**123**	**123**	**123**	**125**	**125**	**125**	**125**	**125**	**125**	**124**

Columbia Gas of Kentucky, Inc.
Case No. 2013-00167
Employee Headcount
Base Period: For the Twelve Months Ended August 31, 2013
Forecasted Period: For the Twelve Months Ended December 31, 2014

Line No.	Employee Group	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013	Total Base Period
1	**Exempt Employees**													
2	Base Period	18	19	19	20	20	20	18	18	18	18	18	18	19
3	Original Budget	18	18	18	18	18	18	18	18	18	18	18	18	18
4	**Manual**													
5	Base Period	88	87	85	80	82	85	94	94	94	94	94	94	89
6	Original Budget	90	90	90	90	88	94	94	94	94	94	94	94	92
7	**Admin/Tech**													
8	Base Period	17	17	18	17	16	16	16	16	17	17	17	17	17
9	Original Budget	17	17	17	17	16	16	16	16	16	16	16	16	16
10	**Regular Employees**													
11	**Base Period**	**123**	**123**	**122**	**117**	**118**	**121**	**128**	**128**	**129**	**129**	**129**	**129**	**125**
12	**Original Budget**	**125**	**125**	**125**	**125**	**122**	**128**	**128**	**128**	**128**	**128**	**128**	**128**	**127**
13	**Part Time**													
14	Base Period	0	0	0	0	1	1	0	0	0	0	0	0	0
15	Original Budget	0	0	0	0	0	0	0	0	0	0	0	0	0
16	TOTAL EMPLOYEES													
17	**Base Period**	**123**	**123**	**122**	**117**	**119**	**122**	**128**	**128**	**129**	**129**	**129**	**129**	**125**
18	**Original Budget**	**125**	**125**	**125**	**125**	**122**	**128**	**128**	**128**	**128**	**128**	**128**	**128**	**127**

Line No.	Employee Group	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Total Forecasted Period
19	**Exempt Employees**													
20	Forecasted Period	19	19	19	19	19	19	19	19	19	19	19	19	19
21	**Manual**													
22	Forecasted Period	94	94	94	94	94	94	94	94	94	94	94	94	94
23	**Admin/Tech**													
24	Forecasted Period	18	18	18	18	18	18	18	18	18	18	18	18	18
25	**Regular Employees**													
26	**Forecasted Period**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**
27	**Part Time**													
28	Forecasted Period	0	0	0	0	0	0	0	0	0	0	0	0	0
29	TOTAL EMPLOYEES													
30	**Forecasted Period**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**	**131**