**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

74. Reference Mr. Spanos testimony at page 13. Please provide the historical data that he collected during the initial phase of the study.

Response:

Please see the attached files related to the historical data collected during the initial phase of the study.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

75. Reference Mr. Spanos testimony at page 16. Please provide a copy of any notes and/or correspondence Mr. Spanos took or was given when he filed reviews and/or conferred with operations personnel and managers responsible for the installation, operation and removal of the assets.

Response:

Please refer to response to AG DR Set 1-097.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

76. Reference Mr. Spanos testimony at page 16. For each supplementary item of information obtained from Company personnel during his trips concerning practices and plans as they relate to plant installation, operation, and removal, please provide the following:

a. A narrative identification of each separate practice;

b. A detailed narrative identification of each separate plan;

c. The individual from whom each such practice or plan was obtained;

d. The inquiry made to elicit the practice or plan;

e. All underlying data, reports, documents, etc., that address each separate practice or plan; and

f. The impact each separate practice or plan had in the development of each depreciation parameter, by account.

Response:

a) There are two primary plans and practices that were discussed in our meetings. The first was the downsizing of some of the measuring and regulating stations. The second is the continuation of the cast iron and bare steel main replacement program.

b) The measuring and regulating station downsizing plan relates to capability of a measuring and regulating station being able to handle a larger distribution area. The main replacement program is a long standing program to replace all cast iron and bare steel main.

c) Information was obtained during the February 4 and 5, 2013 meetings from Gary Sullivan, James Cooper and Zane Souder.

d) Gannett Fleming asks for an understanding of all programs or practices in place with an emphasis on new or major programs.

e) There are no documents that were obtained for these plans.

f) The main replacement program produced the truncation of the curve for cast iron and bare steel main. The truncation is through 2037. The measuring and regulating station equipment downsizing primarily affected the older assets by shortening the maximum life.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

77. Reference Mr. Spanos testimony at pages 12-13. For each account, please provide a specific and detailed narrative of the process employed by the Company's depreciation witness to arrive at his recommended service lives and net salvage rates. The response should identify each significant and/or meaningful item of information, whether that information is the historical data, management input or other and how such information was specifically combined to arrive at the final recommended level for each account. The response should include current life/salvage, industry averages and recommended values.

Response:

As stated on pages II-19 through II-27 of the Depreciation Study, the proposed service lives and net salvage percentages were determined based on informed judgment which considered a number of factors. The primary factors were historical data, Columbia plans and policies, current estimates for Columbia and estimates of other gas companies. Each factor was considered for all accounts but there were some that one or two factors were primary. Industry information can be found in the attachment to AG-DR Set 1-086. The current Columbia parameters can be found in response to AG-DR Set 1-109.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

78. To the extent any historical plant investment activity was deemed to be abnormal, atypical, and/or unusual, please provide a detailed description and narrative of the investment activity; why it was considered abnormal, atypical, and/or unusual; the dollar level of such investment; the year of placement and transaction within the historical period; and what specific action was taken regarding such investment. Such information should be provided by account.

Response:

The service life file contains Code 1 (Reimbursed Retirements) and Code 2 (Sales) transactions. These transactions occurred prior to 1992 in the following accounts:

374 - Land Rights

374 - Rights of Way

375 - Measuring and Regulating Structures and Improvements

375 - Other Distribution Systems

376 - Mains

378 - Measuring and Regulating Station Equipment – General

379.1 - Measuring and Regulating Station Equipment – City Gate

380 - Services

381 - Meters

382 - Meter Installations

383 - House Regulators

384 - House Regulators Installations

385 - Industrial Measuring and Regulating Equipment

387 - Other Equipment – Customer Information Services

392 - Transportation Equipment – Trailers

396 - Power Operated Equipment

These transactions were not considered abnormal, atypical or unusual, however were excluded from service life analyses given they are not considered to be regular retirements. Each transaction is identified in the service life file provided in response to AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

79. Please identify all abnormal, atypical, and/or unusual historical plant activity of the Company's investment which occurred and was removed from the historical analysis of the Company's investment/data for depreciation purposes.

Response:

Please refer to the response to AG DR Set 1-078. There were no entries removed from the historical analysis, however, the entries were not considered as retirements.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 080
Respondent: John Spanos

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

80. Please state, by account, the values of additions, retirements, gross salvage, cost of removal, etc., that were modified from the Company's continuing property records for inclusion and presentation in its depreciation study and workpapers. Each adjustment should be categorized by years, account, and dollar amount, (e.g., 2008 gross salvage value for account XXX was adjusted to reflect a reimbursement rather than gross salvage). Further, provide the reason for each modification.

Response:

The following transactions in Account 391 (Information Systems) were modified:

1) 2008 retirement for $1,590.00 was reclassified as an addition to properly identify the reason for the entry.
2) 2009 retirement for ($1,590.00) was reclassified as an addition to properly identify the reason for the entry.

3) 2009 retirement for ($15,668.23) was reclassified as an addition to properly identify the reason for the entry.

4) 2009 retirement for $1,820.65) was reclassified as an addition to properly identify the reason for the entry.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

81. For each account please provide statistical output of the depreciation program which shows the estimated average service life, the best fitting Iowa dispersion, and a statistical measure of the goodness of fit for each degree polynomial (First, Second, and Third) fitted to the observed retirement data for the full experience band.

Response:

Please see Attachment A.

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - LAND RIGHTS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1940-2012 001 EXPERIENCE BAND 1940-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
100.7-S0	3.08	0 - 54	NOT FITTED		
87.0-S0.5	3.68	0 - 54	NOT FITTED		
76.2-S1	4.76	0 - 54	NOT FITTED		
69.6-S1.5	5.45	0 - 54	NOT FITTED		
146.3-R0.5	1.54	0 - 54	NOT FITTED		
114.3-R1	1.81	0 - 54	NOT FITTED		
93.2-R1.5	2.24	0 - 54	NOT FITTED		
77.4-R2	3.18	0 - 54	NOT FITTED		
145.3-L0	2.35	0 - 54	NOT FITTED		
118.9-L0.5	2.76	0 - 54	NOT FITTED		
98.5-L1	3.74	0 - 54	NOT FITTED		
85.5-L1.5	4.34	0 - 54	NOT FITTED		
182.7-O1	1.43	0 - 54	NOT FITTED		
200.2-O2	1.53	0 - 54	NOT FITTED		
200.2-O3	4.86	0 - 54	NOT FITTED		
200.2-O4	8.93	0 - 54	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1900-2005   001   EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
NOT FITTED					

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1911-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
54.7-S0	2.15	0 - 62	54.8-S0	2.68	26 - 62
52.5-S0.5	3.87	0 - 62	53.4-S0.5	4.46	26 - 62
50.8-S1	5.96	0 - 62	52.3-S1	6.42	26 - 62
49.7-S1.5	8.06	0 - 62	51.4-S1.5	8.69	26 - 62
58.2-R0.5	2.85	0 - 62	55.5-R0.5	1.52	26 - 62
53.6-R1	2.41	0 - 62	52.6-R1	2.98	26 - 62
51.2-R1.5	4.02	0 - 62	51.2-R1.5	5.25	26 - 62
49.5-R2	6.45	0 - 62	50.2-R2	7.75	26 - 62
66.0-L0	2.18	0 - 62	63.9-L0	1.47	26 - 62
61.2-L0.5	1.49	0 - 62	60.8-L0.5	1.72	26 - 62
57.5-L1	2.54	0 - 62	58.4-L1	2.86	26 - 62
54.9-L1.5	4.65	0 - 62	56.3-L1.5	5.13	26 - 62
64.7-O1	4.03	0 - 62	59.8-O1	2.18	26 - 62
72.8-O2	4.04	0 - 62	67.2-O2	2.18	26 - 62
101.3-O3	4.67	0 - 62		NOT FITTED	
133.9-O4	5.00	0 - 62		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1911-2012 002 EXPERIENCE BAND 1978-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
55.0-S0	2.50	0 - 63	55.6-S0	2.84	25 - 63
52.8-S0.5	4.41	0 - 63	54.1-S0.5	4.68	25 - 63
51.2-S1	6.54	0 - 63	52.9-S1	6.72	25 - 63
50.1-S1.5	8.68	0 - 63	51.9-S1.5	9.05	25 - 63
58.3-R0.5	2.26	0 - 63	56.4-R0.5	1.55	25 - 63
53.9-R1	2.38	0 - 63	53.4-R1	3.06	25 - 63
51.6-R1.5	4.37	0 - 63	51.9-R1.5	5.39	25 - 63
49.9-R2	6.97	0 - 63	50.8-R2	7.97	25 - 63
66.1-L0	1.72	0 - 63	65.0-L0	1.50	25 - 63
61.4-L0.5	1.64	0 - 63	61.6-L0.5	1.90	25 - 63
57.8-L1	3.08	0 - 63	59.1-L1	3.13	25 - 63
55.2-L1.5	5.25	0 - 63	57.0-L1.5	5.43	25 - 63
64.7-O1	3.42	0 - 63	60.9-O1	2.17	25 - 63
72.7-O2	3.41	0 - 63	68.5-O2	2.18	25 - 63
101.1-O3	4.10	0 - 63		NOT FITTED	
133.5-O4	4.45	0 - 63		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM STRUCTURES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1911-2010 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
39.8-S0	9.11	0 - 52	36.9-S0	8.28	24 - 52
38.9-S0.5	7.15	0 - 52	37.0-S0.5	6.87	24 - 52
38.1-S1	5.35	0 - 52	37.1-S1	5.78	24 - 52
37.6-S1.5	4.17	0 - 52	37.2-S1.5	5.14	24 - 52
37.2-S2	4.09	0 - 52	37.3-S2	5.49	24 - 52
37.0-S2.5	5.09	0 - 52	37.3-S2.5	6.74	24 - 52
36.9-S3	6.62	0 - 52	37.4-S3	8.58	24 - 52
41.2-R0.5	12.04	0 - 52	36.3-R0.5	9.39	24 - 52
39.2-R1	9.64	0 - 52	36.0-R1	7.54	24 - 52
38.2-R1.5	7.45	0 - 52	36.2-R1.5	6.32	24 - 52
37.4-R2	5.74	0 - 52	36.4-R2	6.06	24 - 52
37.1-R2.5	5.45	0 - 52	36.6-R2.5	6.89	24 - 52
36.8-R3	6.49	0 - 52	36.8-R3	8.77	24 - 52
36.7-R4	9.96	0 - 52	37.2-R4	13.30	24 - 52
46.3-L0	12.38	0 - 52	40.0-L0	11.18	24 - 52
43.8-L0.5	10.57	0 - 52	39.4-L0.5	10.02	24 - 52
41.8-L1	8.76	0 - 52	39.0-L1	8.91	24 - 52
40.5-L1.5	6.53	0 - 52	38.9-L1.5	7.10	24 - 52
39.5-L2	4.51	0 - 52	38.8-L2	5.49	24 - 52
38.6-L2.5	3.09	0 - 52	38.5-L2.5	4.03	24 - 52
37.9-L3	3.26	0 - 52	38.2-L3	4.19	24 - 52
37.0-L4	7.54	0 - 52	37.6-L4	9.75	24 - 52
44.3-O1	14.20	0 - 52	36.6-O1	11.52	24 - 52
49.8-O2	14.21	0 - 52	41.0-O2	11.67	24 - 52
67.4-O3	15.50	0 - 52		NOT FITTED	
87.8-O4	16.12	0 - 52		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM STRUCTURES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1924-2010 002 EXPERIENCE BAND 1978-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
39.3-S0	9.90	0 - 52	35.3-S0	7.22	27 - 52
38.4-S0.5	7.92	0 - 52	35.7-S0.5	6.26	27 - 52
37.7-S1	6.14	0 - 52	36.1-S1	5.68	27 - 52
37.3-S1.5	4.88	0 - 52	36.4-S1.5	5.50	27 - 52
36.9-S2	4.48	0 - 52	36.7-S2	6.10	27 - 52
36.7-S2.5	5.14	0 - 52	36.9-S2.5	7.32	27 - 52
36.6-S3	6.47	0 - 52	37.1-S3	9.04	27 - 52
40.6-R0.5	12.80	0 - 52	NOT FITTED		
38.7-R1	10.39	0 - 52	34.7-R1	6.64	27 - 52
37.8-R1.5	8.24	0 - 52	35.1-R1.5	6.06	27 - 52
37.1-R2	6.54	0 - 52	35.5-R2	6.43	27 - 52
36.8-R2.5	6.01	0 - 52	36.0-R2.5	7.58	27 - 52
36.5-R3	6.73	0 - 52	36.4-R3	9.56	27 - 52
36.4-R4	9.81	0 - 52	37.0-R4	13.99	27 - 52
45.5-L0	13.17	0 - 52	NOT FITTED		
43.1-L0.5	11.36	0 - 52	NOT FITTED		
41.2-L1	9.56	0 - 52	NOT FITTED		
40.0-L1.5	7.32	0 - 52	37.3-L1.5	6.64	27 - 52
39.0-L2	5.23	0 - 52	37.6-L2	5.49	27 - 52
38.2-L2.5	3.62	0 - 52	37.7-L2.5	4.34	27 - 52
37.6-L3	3.22	0 - 52	37.7-L3	4.46	27 - 52
36.7-L4	7.16	0 - 52	37.4-L4	9.89	27 - 52
36.5-L5	11.41	0 - 52	37.5-L5	15.86	27 - 52
43.4-O1	14.95	0 - 52	NOT FITTED		
48.8-O2	14.97	0 - 52	NOT FITTED		
65.9-O3	16.32	0 - 52	NOT FITTED		
85.7-O4	16.97	0 - 52	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375 STRUCTURES AND IMPROVEMENTS - COMMUNICATION

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1952-1988   001   EXPERIENCE BAND 1960-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
100.5-S0	5.74	0 - 61	NOT FITTED		
88.4-S0.5	6.51	0 - 61	NOT FITTED		
79.0-S1	7.74	0 - 61	NOT FITTED		
72.9-S1.5	8.63	0 - 61	NOT FITTED		
136.6-R0.5	3.98	0 - 61	NOT FITTED		
109.1-R1	4.38	0 - 61	NOT FITTED		
91.4-R1.5	5.00	0 - 61	NOT FITTED		
78.5-R2	6.16	0 - 61	NOT FITTED		
141.1-L0	4.84	0 - 61	NOT FITTED		
117.8-L0.5	5.43	0 - 61	NOT FITTED		
100.2-L1	6.59	0 - 61	NOT FITTED		
88.2-L1.5	7.35	0 - 61	NOT FITTED		
168.6-O1	3.81	0 - 61	NOT FITTED		
189.6-O2	3.81	0 - 61	NOT FITTED		
200.2-O3	5.98	0 - 61	NOT FITTED		
200.2-O4	9.96	0 - 61	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1898-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
77.9-S0	2.04	0 - 66	80.1-S0	2.60	35 - 66
71.9-S0.5	2.56	0 - 66	75.2-S0.5	2.05	35 - 66
67.3-S1	3.97	0 - 66	71.5-S1	2.22	35 - 66
64.1-S1.5	5.30	0 - 66	68.4-S1.5	3.12	35 - 66
90.6-R0.5	3.12	0 - 66	86.4-R0.5	3.87	35 - 66
77.9-R1	2.11	0 - 66	76.9-R1	2.89	35 - 66
70.4-R1.5	1.45	0 - 66	71.3-R1.5	1.90	35 - 66
65.0-R2	2.64	0 - 66	67.4-R2	1.77	35 - 66
61.7-R2.5	4.45	0 - 66	64.6-R2.5	2.93	35 - 66
101.1-L0	2.53	0 - 66	NOT FITTED		
89.5-L0.5	2.09	0 - 66	91.3-L0.5	2.91	35 - 66
80.7-L1	2.67	0 - 66	84.7-L1	2.40	35 - 66
74.2-L1.5	3.56	0 - 66	78.5-L1.5	2.24	35 - 66
107.1-O1	3.71	0 - 66	NOT FITTED		
120.4-O2	3.70	0 - 66	NOT FITTED		
172.9-O3	3.90	0 - 66	NOT FITTED		
200.2-O4	4.12	0 - 66	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 002 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
78.4-S0	2.46	0 - 70	80.7-S0	3.13	35 - 70
72.9-S0.5	2.84	0 - 70	76.1-S0.5	2.42	35 - 70
68.7-S1	4.17	0 - 70	72.7-S1	2.45	35 - 70
65.8-S1.5	5.48	0 - 70	69.9-S1.5	3.27	35 - 70
89.5-R0.5	3.59	0 - 70	86.1-R0.5	4.53	35 - 70
77.9-R1	2.46	0 - 70	77.4-R1	3.38	35 - 70
71.2-R1.5	1.74	0 - 70	72.3-R1.5	2.24	35 - 70
66.4-R2	2.87	0 - 70	68.7-R2	1.96	35 - 70
63.4-R2.5	4.75	0 - 70	66.2-R2.5	3.16	35 - 70
100.6-L0	3.11	0 - 70	100.3-L0	4.37	35 - 70
89.8-L0.5	2.59	0 - 70	91.7-L0.5	3.53	35 - 70
81.6-L1	3.01	0 - 70	85.5-L1	2.92	35 - 70
75.5-L1.5	3.79	0 - 70	79.7-L1.5	2.52	35 - 70
104.8-O1	4.27	0 - 70	98.2-O1	5.27	35 - 70
117.8-O2	4.27	0 - 70	NOT FITTED		
168.6-O3	4.52	0 - 70	NOT FITTED		
200.2-O4	4.61	0 - 70	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1909-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
41.9-S0	3.11	0 - 53	42.6-S0	3.05	17 - 53
40.7-S0.5	5.27	0 - 53	41.7-S0.5	5.15	17 - 53
39.8-S1	7.54	0 - 53	41.0-S1	7.40	17 - 53
39.2-S1.5	9.78	0 - 53	40.5-S1.5	9.87	17 - 53
43.6-R0.5	2.00	0 - 53	43.0-R0.5	2.07	17 - 53
41.1-R1	3.24	0 - 53	41.2-R1	3.79	17 - 53
39.9-R1.5	5.76	0 - 53	40.4-R1.5	6.38	17 - 53
39.0-R2	8.55	0 - 53	39.8-R2	9.17	17 - 53
49.0-L0	1.39	0 - 53	48.9-L0	1.62	17 - 53
46.2-L0.5	1.74	0 - 53	46.8-L0.5	1.59	17 - 53
44.0-L1	3.49	0 - 53	45.1-L1	2.97	17 - 53
42.5-L1.5	5.69	0 - 53	43.8-L1.5	5.39	17 - 53
47.1-O1	3.07	0 - 53	45.7-O1	2.75	17 - 53
53.0-O2	3.08	0 - 53	51.4-O2	2.76	17 - 53
72.3-O3	4.09	0 - 53	69.0-O3	3.92	17 - 53
94.5-O4	4.63	0 - 53	89.4-O4	4.57	17 - 53

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1915-2012   002   EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
44.4-S0	2.93	0 - 54	45.1-S0	2.98	18 - 54
43.0-S0.5	4.97	0 - 54	44.0-S0.5	4.96	18 - 54
41.9-S1	7.19	0 - 54	43.1-S1	7.15	18 - 54
41.2-S1.5	9.35	0 - 54	42.5-S1.5	9.55	18 - 54
46.5-R0.5	2.15	0 - 54	45.7-R0.5	2.16	18 - 54
43.6-R1	2.99	0 - 54	43.5-R1	3.61	18 - 54
42.1-R1.5	5.30	0 - 54	42.5-R1.5	6.03	18 - 54
40.9-R2	8.07	0 - 54	41.7-R2	8.75	18 - 54
52.6-L0	1.49	0 - 54	52.3-L0	1.72	18 - 54
49.3-L0.5	1.68	0 - 54	49.7-L0.5	1.69	18 - 54
46.7-L1	3.35	0 - 54	47.8-L1	2.97	18 - 54
44.9-L1.5	5.53	0 - 54	46.2-L1.5	5.35	18 - 54
50.8-O1	3.19	0 - 54	49.0-O1	2.81	18 - 54
57.2-O2	3.21	0 - 54	55.1-O2	2.82	18 - 54
78.6-O3	4.03	0 - 54	74.7-O3	3.77	18 - 54
103.2-O4	4.47	0 - 54	97.2-O4	4.30	18 - 54

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1913-1992   001   EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
42.0-S0	3.40	0 - 31	NOT FITTED		
38.0-S0.5	3.67	0 - 31	NOT FITTED		
34.9-S1	4.58	0 - 31	NOT FITTED		
32.9-S1.5	5.36	0 - 31	NOT FITTED		
51.8-R0.5	3.85	0 - 31	NOT FITTED		
43.2-R1	3.41	0 - 31	NOT FITTED		
37.8-R1.5	3.06	0 - 31	NOT FITTED		
34.0-R2	3.34	0 - 31	NOT FITTED		
31.6-R2.5	4.22	0 - 31	NOT FITTED		
56.4-L0	3.52	0 - 31	NOT FITTED		
48.7-L0.5	3.38	0 - 31	NOT FITTED		
43.0-L1	3.80	0 - 31	NOT FITTED		
38.8-L1.5	4.26	0 - 31	NOT FITTED		
62.6-O1	4.10	0 - 31	NOT FITTED		
70.4-O2	4.10	0 - 31	NOT FITTED		
101.8-O3	4.18	0 - 31	NOT FITTED		
137.3-O4	4.22	0 - 31	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
41.8-S0	3.68	0 - 49	42.0-S0	4.78	20 - 49
40.3-S0.5	2.78	0 - 49	41.1-S0.5	3.27	20 - 49
39.1-S1	3.47	0 - 49	40.3-S1	2.55	20 - 49
38.4-S1.5	4.77	0 - 49	39.7-S1.5	3.39	20 - 49
44.2-R0.5	5.98	0 - 49	42.4-R0.5	6.53	20 - 49
41.0-R1	3.73	0 - 49	40.4-R1	4.37	20 - 49
39.4-R1.5	1.98	0 - 49	39.5-R1.5	2.59	20 - 49
38.2-R2	2.88	0 - 49	38.8-R2	2.71	20 - 49
37.5-R2.5	5.35	0 - 49	38.5-R2.5	4.89	20 - 49
50.0-L0	6.09	0 - 49	48.7-L0	7.40	20 - 49
46.6-L0.5	4.74	0 - 49	46.4-L0.5	6.08	20 - 49
44.0-L1	3.85	0 - 49	44.7-L1	4.88	20 - 49
42.1-L1.5	3.36	0 - 49	43.3-L1.5	3.27	20 - 49
40.7-L2	4.53	0 - 49	42.3-L2	3.21	20 - 49
39.5-L2.5	5.91	0 - 49	41.1-L2.5	4.49	20 - 49
48.7-O1	7.71	0 - 49	45.4-O1	8.44	20 - 49
54.8-O2	7.71	0 - 49	51.0-O2	8.44	20 - 49
75.9-O3	8.59	0 - 49	69.1-O3	9.61	20 - 49
100.0-O4	9.00	0 - 49		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1913-2012 002 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
41.8-S0	3.46	0 - 49	42.1-S0	4.51	20 - 49
40.3-S0.5	2.73	0 - 49	41.1-S0.5	3.05	20 - 49
39.1-S1	3.62	0 - 49	40.4-S1	2.56	20 - 49
38.3-S1.5	5.12	0 - 49	39.7-S1.5	3.64	20 - 49
44.1-R0.5	5.66	0 - 49	42.5-R0.5	6.24	20 - 49
41.0-R1	3.47	0 - 49	40.5-R1	4.12	20 - 49
39.4-R1.5	1.92	0 - 49	39.5-R1.5	2.47	20 - 49
38.2-R2	3.13	0 - 49	38.9-R2	2.89	20 - 49
37.5-R2.5	5.65	0 - 49	38.5-R2.5	5.23	20 - 49
50.0-L0	5.80	0 - 49	48.7-L0	7.07	20 - 49
46.6-L0.5	4.48	0 - 49	46.5-L0.5	5.77	20 - 49
43.9-L1	3.69	0 - 49	44.8-L1	4.60	20 - 49
42.1-L1.5	3.37	0 - 49	43.4-L1.5	3.10	20 - 49
40.6-L2	4.76	0 - 49	42.3-L2	3.28	20 - 49
39.5-L2.5	6.14	0 - 49	41.2-L2.5	4.69	20 - 49
48.7-O1	7.41	0 - 49	45.5-O1	8.12	20 - 49
54.7-O2	7.40	0 - 49	51.1-O2	8.12	20 - 49
75.8-O3	8.28	0 - 49	69.2-O3	9.27	20 - 49
99.8-O4	8.69	0 - 49	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1916-2012 003 EXPERIENCE BAND 1993-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
40.5-S0	2.22	0 - 51	41.0-S0	2.50	18 - 51
39.4-S0.5	2.89	0 - 51	40.3-S0.5	2.25	18 - 51
38.4-S1	4.87	0 - 51	39.7-S1	3.73	18 - 51
37.9-S1.5	6.78	0 - 51	39.2-S1.5	5.92	18 - 51
42.1-R0.5	3.80	0 - 51	41.3-R0.5	4.09	18 - 51
39.7-R1	1.81	0 - 51	39.7-R1	2.24	18 - 51
38.6-R1.5	2.63	0 - 51	39.0-R1.5	2.81	18 - 51
37.7-R2	5.22	0 - 51	38.5-R2	5.14	18 - 51
47.4-L0	4.28	0 - 51	47.0-L0	5.14	18 - 51
44.7-L0.5	3.05	0 - 51	45.0-L0.5	3.76	18 - 51
42.5-L1	2.86	0 - 51	43.5-L1	2.79	18 - 51
41.1-L1.5	3.70	0 - 51	42.3-L1.5	2.75	18 - 51
39.9-L2	5.75	0 - 51	41.4-L2	4.64	18 - 51
45.6-O1	5.85	0 - 51	43.7-O1	6.21	18 - 51
51.3-O2	5.86	0 - 51	49.2-O2	6.25	18 - 51
70.1-O3	7.06	0 - 51	65.9-O3	7.70	18 - 51
91.6-O4	7.61	0 - 51	85.1-O4	8.39	18 - 51

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1930-2012 004 EXPERIENCE BAND 2001-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
35.3-S0	1.89	0 - 58	34.9-S0	1.75	17 - 55
35.1-S0.5	1.73	0 - 58	35.0-S0.5	1.44	17 - 55
34.9-S1	3.76	0 - 58	35.1-S1	3.49	17 - 55
34.9-S1.5	5.80	0 - 58	35.1-S1.5	5.91	17 - 55
35.6-R0.5	4.53	0 - 58	34.5-R0.5	3.45	17 - 55
35.1-R1	2.75	0 - 58	34.4-R1	1.93	17 - 55
34.9-R1.5	3.50	0 - 58	34.5-R1.5	3.62	17 - 55
34.8-R2	5.76	0 - 58	34.7-R2	6.26	17 - 55
38.3-L0	6.15	0 - 58	37.4-L0	6.15	17 - 55
37.3-L0.5	4.16	0 - 58	36.9-L0.5	4.45	17 - 55
36.4-L1	2.39	0 - 58	36.5-L1	2.85	17 - 55
36.0-L1.5	1.63	0 - 58	36.3-L1.5	1.57	17 - 55
35.6-L2	3.45	0 - 58	36.1-L2	3.13	17 - 55
35.3-L2.5	5.52	0 - 58	35.8-L2.5	5.62	17 - 55
36.2-O1	7.39	0 - 58	34.6-O1	6.44	17 - 55
40.3-O2	7.71	0 - 58	38.6-O2	6.92	17 - 55
50.8-O3	10.84	0 - 58	47.6-O3	10.41	17 - 55
63.6-O4	12.34	0 - 58	58.6-O4	12.05	17 - 55

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1930-2012 005 EXPERIENCE BAND 2011-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
35.7-S0	4.19	0 - 59	34.4-S0	2.17	19 - 55
35.6-S0.5	3.85	0 - 59	34.6-S0.5	3.36	19 - 55
35.4-S1	4.80	0 - 59	34.8-S1	5.29	19 - 55
35.4-S1.5	6.53	0 - 59	34.9-S1.5	7.62	19 - 55
36.1-R0.5	6.66	0 - 59	33.8-R0.5	2.82	19 - 55
35.6-R1	5.50	0 - 59	33.9-R1	3.65	19 - 55
35.4-R1.5	5.80	0 - 59	34.2-R1.5	5.78	19 - 55
35.3-R2	7.31	0 - 59	34.4-R2	8.37	19 - 55
38.8-L0	7.40	0 - 59	36.5-L0	4.73	19 - 55
37.8-L0.5	5.43	0 - 59	36.1-L0.5	3.22	19 - 55
36.9-L1	3.55	0 - 59	35.9-L1	1.96	19 - 55
36.5-L1.5	2.43	0 - 59	35.8-L1.5	2.00	19 - 55
36.1-L2	3.27	0 - 59	35.8-L2	3.92	19 - 55
35.8-L2.5	5.54	0 - 59	35.6-L2.5	6.73	19 - 55
36.7-O1	8.91	0 - 59	33.7-O1	4.82	19 - 55
40.9-O2	9.17	0 - 59	37.4-O2	5.34	19 - 55
51.4-O3	11.91	0 - 59	45.5-O3	8.85	19 - 55
64.3-O4	13.33	0 - 59	55.2-O4	10.57	19 - 55

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381.1 METERS - AMI

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 2011-2012 001 EXPERIENCE BAND 2011-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
NOT FITTED					

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
51.9-S0	3.82	0 - 49	48.6-S0	2.57	24 - 49
48.6-S0.5	3.39	0 - 49	46.9-S0.5	3.82	24 - 49
46.1-S1	3.85	0 - 49	45.5-S1	5.39	24 - 49
44.4-S1.5	5.21	0 - 49	44.4-S1.5	7.27	24 - 49
58.1-R0.5	6.25	0 - 49	49.9-R0.5	2.03	24 - 49
51.3-R1	5.15	0 - 49	46.5-R1	2.62	24 - 49
47.4-R1.5	4.37	0 - 49	44.6-R1.5	4.20	24 - 49
44.6-R2	4.48	0 - 49	43.3-R2	6.19	24 - 49
42.9-R2.5	6.00	0 - 49	42.4-R2.5	8.68	24 - 49
65.7-L0	5.22	0 - 49	58.1-L0	1.96	24 - 49
59.2-L0.5	4.13	0 - 49	54.5-L0.5	2.06	24 - 49
54.2-L1	3.09	0 - 49	51.9-L1	2.79	24 - 49
50.6-L1.5	3.43	0 - 49	49.5-L1.5	4.56	24 - 49
47.8-L2	4.76	0 - 49	47.8-L2	6.64	24 - 49
67.3-O1	6.98	0 - 49	55.0-O1	2.47	24 - 49
75.7-O2	6.98	0 - 49		NOT FITTED	
107.8-O3	7.25	0 - 49		NOT FITTED	
144.2-O4	7.39	0 - 49		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1926-2012 002 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
52.4-S0	4.21	0 - 49	49.1-S0	3.88	24 - 49
49.0-S0.5	4.14	0 - 49	47.2-S0.5	5.25	24 - 49
46.5-S1	4.81	0 - 49	45.8-S1	6.81	24 - 49
44.7-S1.5	6.20	0 - 49	44.6-S1.5	8.70	24 - 49
58.9-R0.5	6.21	0 - 49	50.5-R0.5	2.87	24 - 49
51.8-R1	5.37	0 - 49	46.9-R1	3.99	24 - 49
47.8-R1.5	4.96	0 - 49	44.9-R1.5	5.68	24 - 49
44.9-R2	5.42	0 - 49	43.6-R2	7.64	24 - 49
43.1-R2.5	7.04	0 - 49	42.6-R2.5	10.15	24 - 49
66.5-L0	5.20	0 - 49	58.8-L0	2.59	24 - 49
59.8-L0.5	4.34	0 - 49	55.1-L0.5	3.18	24 - 49
54.7-L1	3.67	0 - 49	52.4-L1	4.09	24 - 49
51.0-L1.5	4.32	0 - 49	49.9-L1.5	5.91	24 - 49
48.1-L2	5.72	0 - 49	48.1-L2	7.98	24 - 49
68.3-O1	6.81	0 - 49	NOT FITTED		
76.8-O2	6.81	0 - 49	NOT FITTED		
109.5-O3	7.03	0 - 49	NOT FITTED		
146.5-O4	7.15	0 - 49	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 383 AND 384 HOUSE REGULATORS AND INSTALLATIONS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1934-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
56.4-S0	3.05	0 - 44	52.3-S0	2.41	25 - 44
51.4-S0.5	2.74	0 - 44	49.4-S0.5	3.49	25 - 44
47.6-S1	3.14	0 - 44	47.2-S1	4.78	25 - 44
45.0-S1.5	4.26	0 - 44	45.3-S1.5	6.27	25 - 44
67.8-R0.5	5.11	0 - 44	NOT FITTED		
57.2-R1	4.39	0 - 44	50.0-R1	2.05	25 - 44
50.8-R1.5	3.68	0 - 44	46.8-R1.5	3.28	25 - 44
46.1-R2	3.38	0 - 44	44.5-R2	4.84	25 - 44
43.3-R2.5	4.29	0 - 44	42.8-R2.5	6.66	25 - 44
41.2-R3	6.11	0 - 44	41.5-R3	8.85	25 - 44
74.7-L0	4.04	0 - 44	NOT FITTED		
65.1-L0.5	3.28	0 - 44	NOT FITTED		
58.0-L1	2.54	0 - 44	55.6-L1	2.97	25 - 44
52.7-L1.5	2.97	0 - 44	51.8-L1.5	4.44	25 - 44
48.8-L2	4.26	0 - 44	49.1-L2	6.27	25 - 44
81.2-O1	5.51	0 - 44	NOT FITTED		
91.3-O2	5.51	0 - 44	NOT FITTED		
131.8-O3	5.63	0 - 44	NOT FITTED		
177.5-O4	5.69	0 - 44	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 383 AND 384 HOUSE REGULATORS AND INSTALLATIONS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1934-2012 002 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
59.4-S0	3.48	0 - 44	NOT FITTED		
53.8-S0.5	3.00	0 - 44	50.8-S0.5	3.17	25 - 44
49.5-S1	2.99	0 - 44	48.3-S1	4.43	25 - 44
46.6-S1.5	3.81	0 - 44	46.2-S1.5	5.86	25 - 44
44.3-S2	5.14	0 - 44	44.6-S2	7.51	25 - 44
73.2-R0.5	5.54	0 - 44	NOT FITTED		
61.0-R1	4.88	0 - 44	NOT FITTED		
53.5-R1.5	4.13	0 - 44	48.1-R1.5	2.88	25 - 44
48.1-R2	3.51	0 - 44	45.5-R2	4.38	25 - 44
44.8-R2.5	3.93	0 - 44	43.6-R2.5	6.10	25 - 44
42.3-R3	5.38	0 - 44	42.2-R3	8.17	25 - 44
79.7-L0	4.47	0 - 44	NOT FITTED		
68.9-L0.5	3.75	0 - 44	NOT FITTED		
60.8-L1	2.87	0 - 44	NOT FITTED		
54.9-L1.5	2.99	0 - 44	53.1-L1.5	4.13	25 - 44
50.4-L2	3.91	0 - 44	50.2-L2	5.91	25 - 44
88.4-O1	5.89	0 - 44	NOT FITTED		
99.4-O2	5.89	0 - 44	NOT FITTED		
143.8-O3	5.98	0 - 44	NOT FITTED		
193.9-O4	6.03	0 - 44	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT - OTHER THAN METERS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1920-2012   001   EXPERIENCE BAND 1948-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
30.4-S0	5.55	0 - 48	30.7-S0	5.94	11 - 48
30.2-S0.5	7.91	0 - 48	30.6-S0.5	8.41	11 - 48
30.0-S1	10.32	0 - 48	30.5-S1	10.92	11 - 48
29.9-S1.5	12.59	0 - 48	30.5-S1.5	13.40	11 - 48
30.8-R0.5	3.14	0 - 48	30.6-R0.5	3.60	11 - 48
30.2-R1	6.10	0 - 48	30.2-R1	6.92	11 - 48
30.0-R1.5	8.96	0 - 48	30.2-R1.5	9.91	11 - 48
29.8-R2	11.87	0 - 48	30.2-R2	12.91	11 - 48
33.5-L0	2.29	0 - 48	33.4-L0	2.61	11 - 48
32.4-L0.5	3.58	0 - 48	32.6-L0.5	3.92	11 - 48
31.5-L1	5.47	0 - 48	32.0-L1	5.67	11 - 48
31.1-L1.5	7.82	0 - 48	31.6-L1.5	8.25	11 - 48
31.6-O1	2.19	0 - 48	31.0-O1	1.64	11 - 48
35.3-O2	2.45	0 - 48	34.6-O2	2.05	11 - 48
45.2-O3	4.71	0 - 48	43.6-O3	4.58	11 - 48
57.0-O4	5.90	0 - 48	54.4-O4	5.94	11 - 48

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT - OTHER THAN METERS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1927-2012 002 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
31.3-S0	4.58	0 - 48	31.5-S0	5.02	11 - 48
31.0-S0.5	6.92	0 - 48	31.3-S0.5	7.49	11 - 48
30.8-S1	9.27	0 - 48	31.2-S1	9.95	11 - 48
30.7-S1.5	11.53	0 - 48	31.1-S1.5	12.50	11 - 48
31.8-R0.5	2.53	0 - 48	31.4-R0.5	2.69	11 - 48
31.0-R1	5.11	0 - 48	30.9-R1	5.87	11 - 48
30.8-R1.5	7.87	0 - 48	30.9-R1.5	8.82	11 - 48
30.6-R2	10.72	0 - 48	30.8-R2	11.89	11 - 48
34.8-L0	2.29	0 - 48	34.5-L0	2.46	11 - 48
33.6-L0.5	2.95	0 - 48	33.6-L0.5	3.34	11 - 48
32.6-L1	4.63	0 - 48	32.8-L1	5.02	11 - 48
32.0-L1.5	7.00	0 - 48	32.4-L1.5	7.51	11 - 48
32.8-O1	2.88	0 - 48	32.0-O1	1.94	11 - 48
36.8-O2	3.11	0 - 48	35.8-O2	2.34	11 - 48
47.5-O3	5.33	0 - 48	45.5-O3	5.04	11 - 48
60.4-O4	6.44	0 - 48	57.1-O4	6.34	11 - 48

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1949-2012 001 EXPERIENCE BAND 1950-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
35.7-S0	9.65	0 - 44	33.8-S0	11.72	22 - 44
34.6-S0.5	7.78	0 - 44	33.7-S0.5	10.05	22 - 44
33.8-S1	6.18	0 - 44	33.7-S1	8.48	22 - 44
33.2-S1.5	4.81	0 - 44	33.6-S1.5	6.64	22 - 44
32.8-S2	4.33	0 - 44	33.5-S2	5.09	22 - 44
32.5-S2.5	4.63	0 - 44	33.5-S2.5	4.10	22 - 44
32.3-S3	5.78	0 - 44	33.4-S3	4.47	22 - 44
37.4-R0.5	12.27	0 - 44	33.3-R0.5	12.87	22 - 44
35.1-R1	9.80	0 - 44	32.8-R1	10.66	22 - 44
33.9-R1.5	7.29	0 - 44	32.7-R1.5	8.49	22 - 44
33.1-R2	5.03	0 - 44	32.7-R2	6.58	22 - 44
32.6-R2.5	3.46	0 - 44	32.8-R2.5	4.86	22 - 44
32.3-R3	3.97	0 - 44	32.9-R3	4.57	22 - 44
32.1-R4	7.60	0 - 44	33.1-R4	8.09	22 - 44
42.1-L0	12.59	0 - 44	37.3-L0	14.61	22 - 44
39.6-L0.5	11.06	0 - 44	36.5-L0.5	13.49	22 - 44
37.5-L1	9.58	0 - 44	35.9-L1	12.39	22 - 44
36.2-L1.5	7.74	0 - 44	35.6-L1.5	10.54	22 - 44
35.1-L2	6.37	0 - 44	35.4-L2	8.80	22 - 44
34.2-L2.5	5.13	0 - 44	34.9-L2.5	6.54	22 - 44
33.5-L3	5.01	0 - 44	34.6-L3	4.81	22 - 44
32.4-L4	6.90	0 - 44	33.7-L4	5.62	22 - 44
32.2-L5	10.33	0 - 44	33.5-L5	11.19	22 - 44
40.7-O1	14.24	0 - 44	34.1-O1	15.05	22 - 44
45.8-O2	14.25	0 - 44	38.3-O2	15.14	22 - 44
62.8-O3	15.32	0 - 44	49.3-O3	17.03	22 - 44
82.3-O4	15.83	0 - 44	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1952-2012 002 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
35.5-S0	10.50	0 - 46	33.8-S0	11.94	23 - 44
34.6-S0.5	8.49	0 - 46	33.8-S0.5	10.36	23 - 44
33.9-S1	6.67	0 - 46	33.7-S1	8.79	23 - 44
33.4-S1.5	5.02	0 - 46	33.7-S1.5	7.02	23 - 44
33.1-S2	4.14	0 - 46	33.7-S2	5.48	23 - 44
32.9-S2.5	4.07	0 - 46	33.7-S2.5	4.30	23 - 44
32.7-S3	5.10	0 - 46	33.7-S3	4.31	23 - 44
32.6-S4	8.60	0 - 46	33.6-S4	8.96	23 - 44
36.7-R0.5	13.09	0 - 46	33.2-R0.5	12.97	23 - 44
34.8-R1	10.41	0 - 46	32.8-R1	10.86	23 - 44
33.9-R1.5	7.79	0 - 46	32.8-R1.5	8.80	23 - 44
33.3-R2	5.42	0 - 46	32.8-R2	6.93	23 - 44
33.0-R2.5	3.60	0 - 46	32.9-R2.5	5.17	23 - 44
32.7-R3	3.66	0 - 46	33.1-R3	4.73	23 - 44
32.6-R4	7.02	0 - 46	33.3-R4	7.89	23 - 44
41.2-L0	13.74	0 - 46	37.1-L0	14.72	23 - 44
39.0-L0.5	12.11	0 - 46	36.4-L0.5	13.66	23 - 44
37.2-L1	10.53	0 - 46	35.9-L1	12.63	23 - 44
36.0-L1.5	8.53	0 - 46	35.7-L1.5	10.87	23 - 44
35.1-L2	6.95	0 - 46	35.5-L2	9.19	23 - 44
34.3-L2.5	5.40	0 - 46	35.1-L2.5	6.91	23 - 44
33.7-L3	4.82	0 - 46	34.8-L3	5.03	23 - 44
32.8-L4	6.07	0 - 46	33.9-L4	5.22	23 - 44
32.6-L5	9.61	0 - 46	33.7-L5	10.82	23 - 44
39.5-O1	15.37	0 - 46	33.9-O1	15.10	23 - 44
44.4-O2	15.38	0 - 46	38.1-O2	15.20	23 - 44
60.2-O3	16.74	0 - 46	48.8-O3	17.07	23 - 44
78.5-O4	17.37	0 - 46	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392 TRANSPORTATION EQUIPMENT - TRAILERS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1938-2012 001 EXPERIENCE BAND 1939-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
16.8-S0	17.80	0 - 24	NOT FITTED		
16.6-S0.5	15.68	0 - 24	NOT FITTED		
16.3-S1	13.46	0 - 24	16.2-S1	13.82	12 - 19
16.2-S1.5	11.38	0 - 24	16.1-S1.5	12.46	12 - 19
16.1-S2	9.39	0 - 24	16.0-S2	11.16	12 - 19
16.1-S2.5	7.64	0 - 24	16.0-S2.5	9.79	12 - 19
16.0-S3	6.01	0 - 24	15.9-S3	8.60	12 - 19
16.0-S4	4.42	0 - 24	15.8-S4	7.80	12 - 19
16.0-S5	6.82	0 - 24	15.8-S5	12.12	12 - 19
16.0-S6	10.11	0 - 24	15.8-S6	18.46	12 - 19
17.2-R0.5	20.43	0 - 24	NOT FITTED		
16.6-R1	17.59	0 - 24	NOT FITTED		
16.4-R1.5	15.00	0 - 24	15.6-R1.5	13.63	12 - 19
16.2-R2	12.41	0 - 24	15.6-R2	12.18	12 - 19
16.1-R2.5	9.88	0 - 24	15.5-R2.5	10.19	12 - 19
16.0-R3	7.58	0 - 24	15.5-R3	8.55	12 - 19
16.0-R4	4.91	0 - 24	15.6-R4	6.52	12 - 19
16.0-R5	5.82	0 - 24	15.7-R5	10.19	12 - 19
19.0-L0	21.53	0 - 24	NOT FITTED		
18.2-L0.5	19.75	0 - 24	NOT FITTED		
17.6-L1	18.04	0 - 24	NOT FITTED		
17.2-L1.5	15.78	0 - 24	NOT FITTED		
16.8-L2	13.64	0 - 24	NOT FITTED		
16.6-L2.5	11.41	0 - 24	NOT FITTED		
16.3-L3	9.30	0 - 24	16.7-L3	10.92	12 - 19
16.1-L4	5.26	0 - 24	16.1-L4	8.14	12 - 19
16.0-L5	5.19	0 - 24	15.9-L5	9.64	12 - 19
18.0-O1	22.99	0 - 24	NOT FITTED		
20.3-O2	23.11	0 - 24	NOT FITTED		
26.8-O3	24.98	0 - 24	NOT FITTED		
34.5-O4	25.87	0 - 24	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392 TRANSPORTATION EQUIPMENT - TRAILERS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1959-2012 002 EXPERIENCE BAND 1993-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
17.1-S0	18.88	0 - 23	NOT FITTED		
16.7-S0.5	16.69	0 - 23	NOT FITTED		
16.4-S1	14.57	0 - 23	NOT FITTED		
16.3-S1.5	12.54	0 - 23	NOT FITTED		
16.1-S2	10.44	0 - 23	NOT FITTED		
16.0-S2.5	8.53	0 - 23	NOT FITTED		
16.0-S3	6.91	0 - 23	NOT FITTED		
15.9-S4	4.59	0 - 23	NOT FITTED		
15.9-S5	6.61	0 - 23	NOT FITTED		
15.9-S6	9.98	0 - 23	NOT FITTED		
17.6-R0.5	21.51	0 - 23	NOT FITTED		
16.8-R1	18.76	0 - 23	NOT FITTED		
16.4-R1.5	15.99	0 - 23	NOT FITTED		
16.2-R2	13.48	0 - 23	NOT FITTED		
16.1-R2.5	10.93	0 - 23	NOT FITTED		
16.0-R3	8.52	0 - 23	NOT FITTED		
15.9-R4	5.15	0 - 23	NOT FITTED		
15.9-R5	5.56	0 - 23	NOT FITTED		
19.6-L0	22.29	0 - 23	NOT FITTED		
18.7-L0.5	20.61	0 - 23	NOT FITTED		
17.9-L1	18.89	0 - 23	NOT FITTED		
17.4-L1.5	16.66	0 - 23	NOT FITTED		
17.0-L2	14.56	0 - 23	NOT FITTED		
16.7-L2.5	12.34	0 - 23	NOT FITTED		
16.4-L3	10.23	0 - 23	NOT FITTED		
16.0-L4	6.06	0 - 23	NOT FITTED		
15.9-L5	5.37	0 - 23	NOT FITTED		
18.7-O1	23.86	0 - 23	NOT FITTED		
21.0-O2	23.88	0 - 23	NOT FITTED		
28.3-O3	25.44	0 - 23	NOT FITTED		
36.7-O4	26.16	0 - 23	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 394.11 TOOLS, SHOP AND GARAGE EQUIPMENT - CNG FACILITIES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1983-2000 001 EXPERIENCE BAND 1989-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
16.0-S0	10.74	0 - 20	NOT FITTED		
15.5-S0.5	9.61	0 - 20	NOT FITTED		
15.1-S1	8.86	0 - 20	NOT FITTED		
14.9-S1.5	8.93	0 - 20	NOT FITTED		
14.7-S2	9.50	0 - 20	NOT FITTED		
16.6-R0.5	13.10	0 - 20	NOT FITTED		
15.7-R1	11.67	0 - 20	NOT FITTED		
15.2-R1.5	10.64	0 - 20	NOT FITTED		
14.8-R2	10.20	0 - 20	NOT FITTED		
14.7-R2.5	10.91	0 - 20	NOT FITTED		
14.5-R3	12.17	0 - 20	NOT FITTED		
18.7-L0	12.79	0 - 20	NOT FITTED		
17.6-L0.5	11.33	0 - 20	NOT FITTED		
16.8-L1	9.98	0 - 20	NOT FITTED		
16.2-L1.5	8.66	0 - 20	NOT FITTED		
15.7-L2	7.69	0 - 20	NOT FITTED		
15.3-L2.5	7.99	0 - 20	NOT FITTED		
15.0-L3	8.84	0 - 20	NOT FITTED		
18.0-O1	14.51	0 - 20	NOT FITTED		
20.3-O2	14.55	0 - 20	NOT FITTED		
27.7-O3	15.35	0 - 20	NOT FITTED		
36.3-O4	15.79	0 - 20	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1948-2004 001 EXPERIENCE BAND 1949-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
17.4-S0	4.96	0 - 35	16.8-S0	5.09	9 - 29
17.4-S0.5	4.81	0 - 35	16.9-S0.5	5.27	9 - 29
17.4-S1	5.59	0 - 35	17.1-S1	6.35	9 - 29
17.4-S1.5	6.76	0 - 35	17.2-S1.5	7.87	9 - 29
17.4-R0.5	6.59	0 - 35	16.5-R0.5	5.77	9 - 29
17.4-R1	6.21	0 - 35	16.6-R1	6.10	9 - 29
17.4-R1.5	6.51	0 - 35	16.8-R1.5	7.13	9 - 29
17.4-R2	7.70	0 - 35	16.9-R2	9.01	9 - 29
17.9-L0	7.24	0 - 35	17.5-L0	6.91	9 - 29
17.7-L0.5	5.44	0 - 35	17.4-L0.5	5.61	9 - 29
17.5-L1	3.94	0 - 35	17.3-L1	4.59	9 - 29
17.5-L1.5	2.99	0 - 35	17.4-L1.5	3.68	9 - 29
17.4-L2	3.50	0 - 35	17.4-L2	4.09	9 - 29
17.4-L2.5	5.07	0 - 35	17.4-L2.5	5.88	9 - 29
17.4-O1	8.29	0 - 35	16.3-O1	7.16	9 - 29
18.5-O2	8.76	0 - 35	17.9-O2	7.48	9 - 29
21.6-O3	12.89	0 - 35	21.1-O3	11.08	9 - 29
25.5-O4	15.35	0 - 35	25.1-O4	13.07	9 - 29

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

82. Please provide the statistical results for 10 and 20 year rolling bands, shrinking bands and progressive bands for each account with the same statistical output requested in question 9.

Response:

Question 9 does not ask for statistical output that in any way relates to this topic. Mr. Spanos does not generally conduct rolling and shrinking bands for all accounts and has not performed 10 and 20 year rolling bands, shrinking bands or progressive bands in this study.

However, the rolling and shrinking bands conducted in this study have been attached to this response for Accounts 376 and 380.

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

INPUT CONTROL TOTALS THROUGH 2012

TRAN CODE	TOTAL INPUT DATA AGED	UNAGED	TOTAL
0	15,562,961.20-	0.00	15,562,961.20-
1	249,054.64-	0.00	249,054.64-
2	63,752.93-	0.00	63,752.93-
3	832,161.52	0.00	832,161.52
5	8,606,859.84	0.00	8,606,859.84
9	167,323,540.75	0.00	167,323,540.75
TOTAL DATA	160,886,793.34	0.00	160,886,793.34
8	161,497,980.65	0.00	161,497,980.65
TOTAL DATA LESS CD 8	611,187.31-	0.00	611,187.31-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 17.7 — 001 — EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1948 — EXPERIENCE BAND 1939-1948

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	422,335	834	0.0020	0.9980	100.00
0.5	349,325	221	0.0006	0.9994	99.80
1.5	304,467	170	0.0006	0.9994	99.74
2.5	273,140	131	0.0005	0.9995	99.68
3.5	290,351	37	0.0001	0.9999	99.64
4.5	295,225	56	0.0002	0.9998	99.62
5.5	345,657	2,293	0.0066	0.9934	99.60
6.5	368,386	1,048	0.0028	0.9972	98.94
7.5	403,766	795	0.0020	0.9980	98.66
8.5	301,264	832	0.0028	0.9972	98.47
9.5	450,485	433	0.0010	0.9990	98.20
10.5	453,226	846	0.0019	0.9981	98.10
11.5	426,131	1,977	0.0046	0.9954	97.92
12.5	464,956	1,197	0.0026	0.9974	97.46
13.5	439,772	604	0.0014	0.9986	97.21
14.5	658,662	8	0.0000	1.0000	97.08
15.5	430,054	1,561	0.0036	0.9964	97.08
16.5	406,612	2,091	0.0051	0.9949	96.73
17.5	390,738	2,296	0.0059	0.9941	96.23
18.5	429,526	712	0.0017	0.9983	95.66
19.5	254,797	1,381	0.0054	0.9946	95.50
20.5	219,037	970	0.0044	0.9956	94.99
21.5	269,011	271	0.0010	0.9990	94.57
22.5	174,636	892	0.0051	0.9949	94.47
23.5	146,541	345	0.0024	0.9976	93.99
24.5	118,728	185	0.0016	0.9984	93.77
25.5	114,644	1,829	0.0160	0.9840	93.62
26.5	109,914	809	0.0074	0.9926	92.13
27.5	108,180	1,453	0.0134	0.9866	91.45
28.5	46,408	228	0.0049	0.9951	90.22
29.5	38,463	662	0.0172	0.9828	89.78
30.5	33,499	40	0.0012	0.9988	88.23
31.5	30,514	75	0.0024	0.9976	88.13
32.5	54,724	20	0.0004	0.9996	87.91
33.5	52,282	297	0.0057	0.9943	87.88
34.5	43,458	497	0.0114	0.9886	87.38
35.5	36,365	486	0.0134	0.9866	86.38
36.5	34,061	59	0.0017	0.9983	85.22
37.5	30,414	93	0.0031	0.9969	85.08
38.5	27,865	135	0.0048	0.9952	84.82

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 17.7 | 001 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1948 | | EXPERIENCE BAND 1939-1948

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	31,302		0.0000	1.0000	84.41
40.5	30,888		0.0000	1.0000	84.41
41.5	30,888	558	0.0181	0.9819	84.41
42.5	4,266		0.0000	1.0000	82.88
43.5	4,266		0.0000	1.0000	82.88
44.5	4,266		0.0000	1.0000	82.88
45.5	4,266		0.0000	1.0000	82.88
46.5	4,266		0.0000	1.0000	82.88
47.5	4,266		0.0000	1.0000	82.88
48.5	4,266		0.0000	1.0000	82.88
49.5					82.88
TOTAL	9,970,559	29,426			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-1948 001 EXPERIENCE BAND 1939-1948

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
84.3-S0	0.56	0 - 43	NOT FITTED		
72.3-S0.5	0.85	0 - 43	NOT FITTED		
62.8-S1	1.81	0 - 43	NOT FITTED		
57.1-S1.5	2.50	0 - 43	NOT FITTED		
126.0-R0.5	1.68	0 - 43	NOT FITTED		
97.7-R1	1.41	0 - 43	NOT FITTED		
78.8-R1.5	1.05	0 - 43	NOT FITTED		
64.5-R2	0.70	0 - 43	NOT FITTED		
56.4-R2.5	1.30	0 - 43	NOT FITTED		
50.4-R3	2.66	0 - 43	NOT FITTED		
123.0-L0	0.92	0 - 43	NOT FITTED		
99.8-L0.5	0.64	0 - 43	NOT FITTED		
81.8-L1	0.91	0 - 43	NOT FITTED		
70.6-L1.5	1.45	0 - 43	NOT FITTED		
158.0-O1	1.80	0 - 43	NOT FITTED		
177.6-O2	1.80	0 - 43	NOT FITTED		
200.2-O3	2.33	0 - 43	NOT FITTED		
200.2-O4	5.34	0 - 43	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 27.8 | 002 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1898-1958 | | EXPERIENCE BAND 1949-1958

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,394,184	47	0.0000	1.0000	100.00
0.5	4,621,430	370	0.0001	0.9999	100.00
1.5	3,491,794	1,231	0.0004	0.9996	99.99
2.5	2,982,729	1,888	0.0006	0.9994	99.96
3.5	2,552,984	1,264	0.0005	0.9995	99.89
4.5	2,131,828	556	0.0003	0.9997	99.84
5.5	1,483,384	11,838	0.0080	0.9920	99.82
6.5	1,253,824	9,077	0.0072	0.9928	99.02
7.5	1,014,588	9,803	0.0097	0.9903	98.30
8.5	692,981	5,805	0.0084	0.9916	97.35
9.5	574,178	4,488	0.0078	0.9922	96.54
10.5	455,268	4,147	0.0091	0.9909	95.78
11.5	380,467	3,749	0.0099	0.9901	94.91
12.5	375,115	2,378	0.0063	0.9937	93.98
13.5	421,658	385	0.0009	0.9991	93.38
14.5	445,326	2,209	0.0050	0.9950	93.30
15.5	685,239	4,726	0.0069	0.9931	92.83
16.5	685,248	3,119	0.0046	0.9954	92.19
17.5	658,324	1,206	0.0018	0.9982	91.77
18.5	532,379	5,144	0.0097	0.9903	91.60
19.5	678,790	917	0.0014	0.9986	90.72
20.5	672,726	879	0.0013	0.9987	90.60
21.5	646,854	5,449	0.0084	0.9916	90.48
22.5	717,685	2,240	0.0031	0.9969	89.72
23.5	688,015	3,012	0.0044	0.9956	89.44
24.5	717,715	7,155	0.0100	0.9900	89.04
25.5	480,965	3,726	0.0077	0.9923	88.16
26.5	461,969	3,919	0.0085	0.9915	87.47
27.5	542,902	3,427	0.0063	0.9937	86.73
28.5	577,030	2,836	0.0049	0.9951	86.18
29.5	314,275	4,009	0.0128	0.9872	85.76
30.5	275,509	1,494	0.0054	0.9946	84.67
31.5	263,584	5,002	0.0190	0.9810	84.21
32.5	174,279	2,459	0.0141	0.9859	82.61
33.5	140,890	1,623	0.0115	0.9885	81.44
34.5	110,816	1,287	0.0116	0.9884	80.51
35.5	104,699	4,111	0.0393	0.9607	79.57
36.5	97,232	4,248	0.0437	0.9563	76.45
37.5	92,385	1,950	0.0211	0.9789	73.11
38.5	44,982	446	0.0099	0.9901	71.56

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 27.8 | 002 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1898-1958 | | EXPERIENCE BAND 1949-1958

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	48,290	235	0.0049	0.9951	70.85
40.5	44,297	3,662	0.0827	0.9173	70.51
41.5	122,389	767	0.0063	0.9937	64.68
42.5	145,115	7,398	0.0510	0.9490	64.27
43.5	63,899	6,682	0.1046	0.8954	61.00
44.5	34,079	2,502	0.0734	0.9266	54.62
45.5	29,994	4,613	0.1538	0.8462	50.61
46.5	24,699	2,684	0.1087	0.8913	42.83
47.5	20,745	2,325	0.1121	0.8879	38.17
48.5	18,172	3,723	0.2049	0.7951	33.89
49.5	20,985	1,118	0.0533	0.9467	26.95
50.5	64,143	15,199	0.2370	0.7630	25.51
51.5	47,918	1,717	0.0358	0.9642	19.47
52.5	38,930		0.0000	1.0000	18.77
53.5	4,266		0.0000	1.0000	18.77
54.5	4,266		0.0000	1.0000	18.77
55.5	4,266		0.0000	1.0000	18.77
56.5	17,950		0.0000	1.0000	18.77
57.5	18,454	4,975	0.2696	0.7304	18.77
58.5	13,480	1,010	0.0749	0.9251	13.71
59.5	1,577	1,577	1.0000		12.68
60.5					
TOTAL	39,424,144	193,806			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1898-1958 002 EXPERIENCE BAND 1949-1958

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
61.3-S0	1.44	0 - 39	NOT FITTED		
54.2-S0.5	1.83	0 - 39	NOT FITTED		
48.8-S1	2.91	0 - 39	NOT FITTED		
45.3-S1.5	3.76	0 - 39	NOT FITTED		
81.2-R0.5	2.25	0 - 39	NOT FITTED		
65.5-R1	1.81	0 - 39	NOT FITTED		
55.5-R1.5	1.30	0 - 39	NOT FITTED		
48.2-R2	1.46	0 - 39	NOT FITTED		
43.8-R2.5	2.44	0 - 39	NOT FITTED		
85.1-L0	1.60	0 - 39	NOT FITTED		
71.6-L0.5	1.38	0 - 39	NOT FITTED		
61.5-L1	1.91	0 - 39	NOT FITTED		
54.4-L1.5	2.53	0 - 39	NOT FITTED		
99.8-O1	2.46	0 - 39	NOT FITTED		
112.2-O2	2.45	0 - 39	NOT FITTED		
163.3-O3	2.51	0 - 39	NOT FITTED		
200.2-O4	2.42	0 - 39	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 28.8 003 EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1968 EXPERIENCE BAND 1959-1968

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	9,245,773	1,231	0.0001	0.9999	100.00
0.5	9,145,927	1,449	0.0002	0.9998	99.99
1.5	9,857,332	5,839	0.0006	0.9994	99.97
2.5	9,200,749	3,988	0.0004	0.9996	99.91
3.5	8,899,156	1,407	0.0002	0.9998	99.87
4.5	8,334,325	10,374	0.0012	0.9988	99.85
5.5	8,212,425	9,788	0.0012	0.9988	99.73
6.5	7,944,314	11,917	0.0015	0.9985	99.61
7.5	7,460,389	5,155	0.0007	0.9993	99.46
8.5	7,148,501	15,718	0.0022	0.9978	99.39
9.5	6,385,464	13,880	0.0022	0.9978	99.17
10.5	5,370,031	11,037	0.0021	0.9979	98.96
11.5	4,126,406	21,534	0.0052	0.9948	98.75
12.5	3,409,633	17,186	0.0050	0.9950	98.24
13.5	2,814,410	31,777	0.0113	0.9887	97.74
14.5	2,316,540	12,249	0.0053	0.9947	96.64
15.5	1,748,909	8,764	0.0050	0.9950	96.13
16.5	1,457,629	4,045	0.0028	0.9972	95.65
17.5	1,114,932	11,311	0.0101	0.9899	95.38
18.5	770,393	7,317	0.0095	0.9905	94.41
19.5	626,282	12,633	0.0202	0.9798	93.52
20.5	536,617	8,768	0.0163	0.9837	91.63
21.5	470,452	2,208	0.0047	0.9953	90.13
22.5	436,024	6,986	0.0160	0.9840	89.71
23.5	471,744	2,428	0.0051	0.9949	88.27
24.5	474,363	3,508	0.0074	0.9926	87.82
25.5	790,471	7,457	0.0094	0.9906	87.17
26.5	767,320	2,941	0.0038	0.9962	86.35
27.5	865,791	3,508	0.0041	0.9959	86.02
28.5	832,816	4,067	0.0049	0.9951	85.67
29.5	1,071,414	4,658	0.0043	0.9957	85.25
30.5	1,066,700	10,294	0.0097	0.9903	84.88
31.5	1,022,042	5,103	0.0050	0.9950	84.06
32.5	1,117,112	5,776	0.0052	0.9948	83.64
33.5	1,160,325	16,132	0.0139	0.9861	83.21
34.5	1,150,417	8,355	0.0073	0.9927	82.05
35.5	607,603	8,266	0.0136	0.9864	81.45
36.5	592,317	4,305	0.0073	0.9927	80.35
37.5	572,993	4,223	0.0074	0.9926	79.76
38.5	584,267	12,828	0.0220	0.9780	79.17

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 28.8
PLACEMENT BAND 1899-1968

003

EXPERIENCE ANALYSIS
EXPERIENCE BAND 1959-1968

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	328,290	6,211	0.0189	0.9811	77.44
40.5	228,262	6,491	0.0284	0.9716	75.97
41.5	207,735	8,487	0.0409	0.9591	73.81
42.5	143,436	6,472	0.0451	0.9549	70.80
43.5	177,675	587	0.0033	0.9967	67.60
44.5	164,804	13,742	0.0834	0.9166	67.38
45.5	140,483	22,158	0.1577	0.8423	61.76
46.5	114,084	23,887	0.2094	0.7906	52.02
47.5	119,214	9,354	0.0785	0.9215	41.13
48.5	95,524	8,556	0.0896	0.9104	37.90
49.5	78,928	2,077	0.0263	0.9737	34.51
50.5	72,535	1,814	0.0250	0.9750	33.60
51.5	68,111	12,725	0.1868	0.8132	32.76
52.5	64,505	29,641	0.4595	0.5405	26.64
53.5	86,460	5,062	0.0585	0.9415	14.40
54.5	73,043	575	0.0079	0.9921	13.55
55.5	37,652	526	0.0140	0.9860	13.45
56.5	36,526	3,826	0.1048	0.8952	13.26
57.5	32,500	510	0.0157	0.9843	11.87
58.5	31,777	704	0.0222	0.9778	11.68
59.5	41,725	500	0.0120	0.9880	11.43
60.5	73,985	3,210	0.0434	0.9566	11.29
61.5	70,597	399	0.0056	0.9944	10.80
62.5	43,846	2,866	0.0654	0.9346	10.74
63.5	8,013		0.0000	1.0000	10.04
64.5	8,013		0.0000	1.0000	10.04
65.5	8,013		0.0000	1.0000	10.04
66.5	8,013		0.0000	1.0000	10.04
67.5	8,013	499	0.0623	0.9377	10.04
68.5	7,513	206	0.0274	0.9726	9.41
69.5					9.15
TOTAL	132,759,583	511,495			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-1968 003 EXPERIENCE BAND 1959-1968

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
60.9-S0	5.87	0 - 49	NOT FITTED		
55.8-S0.5	5.11	0 - 49	55.3-S0.5	8.06	30 - 49
51.9-S1	4.59	0 - 49	53.0-S1	7.24	30 - 49
49.2-S1.5	4.47	0 - 49	51.0-S1.5	6.39	30 - 49
47.1-S2	5.04	0 - 49	49.4-S2	5.69	30 - 49
45.7-S2.5	5.74	0 - 49	48.1-S2.5	5.24	30 - 49
72.4-R0.5	7.74	0 - 49	NOT FITTED		
61.5-R1	6.84	0 - 49	NOT FITTED		
54.9-R1.5	5.72	0 - 49	52.3-R1.5	8.03	30 - 49
50.2-R2	4.48	0 - 49	49.9-R2	6.93	30 - 49
47.3-R2.5	3.76	0 - 49	48.0-R2.5	5.72	30 - 49
45.2-R3	4.18	0 - 49	46.7-R3	4.79	30 - 49
43.1-R4	7.17	0 - 49	45.1-R4	4.97	30 - 49
80.2-L0	6.98	0 - 49	NOT FITTED		
70.3-L0.5	6.19	0 - 49	NOT FITTED		
62.9-L1	5.42	0 - 49	NOT FITTED		
57.4-L1.5	4.78	0 - 49	58.2-L1.5	7.57	30 - 49
53.3-L2	4.76	0 - 49	55.3-L2	6.64	30 - 49
50.2-L2.5	4.96	0 - 49	52.5-L2.5	5.79	30 - 49
47.9-L3	6.03	0 - 49	50.4-L3	5.50	30 - 49
86.3-O1	8.21	0 - 49	NOT FITTED		
97.1-O2	8.21	0 - 49	NOT FITTED		
139.9-O3	8.36	0 - 49	NOT FITTED		
188.2-O4	8.43	0 - 49	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 27.3 | 004 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1978 | | EXPERIENCE BAND 1969-1978

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	9,862,309	226	0.0000	1.0000	100.00
0.5	9,781,660	9,067	0.0009	0.9991	100.00
1.5	9,462,973	5,757	0.0006	0.9994	99.91
2.5	10,210,077	12,094	0.0012	0.9988	99.84
3.5	10,662,510	5,419	0.0005	0.9995	99.73
4.5	11,076,155	12,709	0.0011	0.9989	99.68
5.5	11,289,919	2,821	0.0002	0.9998	99.56
6.5	10,949,876	8,312	0.0008	0.9992	99.54
7.5	10,704,384	2,972	0.0003	0.9997	99.46
8.5	10,691,707	4,442	0.0004	0.9996	99.43
9.5	9,829,886	2,445	0.0002	0.9998	99.39
10.5	9,886,363	29,267	0.0030	0.9970	99.37
11.5	10,516,982	14,738	0.0014	0.9986	99.07
12.5	9,867,714	19,844	0.0020	0.9980	98.93
13.5	9,512,593	20,923	0.0022	0.9978	98.73
14.5	8,919,710	21,891	0.0025	0.9975	98.52
15.5	8,704,393	59,893	0.0069	0.9931	98.28
16.5	8,294,673	40,968	0.0049	0.9951	97.60
17.5	7,784,174	17,716	0.0023	0.9977	97.12
18.5	7,377,344	30,213	0.0041	0.9959	96.90
19.5	6,558,971	31,433	0.0048	0.9952	96.50
20.5	5,483,486	37,488	0.0068	0.9932	96.04
21.5	4,205,444	43,944	0.0104	0.9896	95.38
22.5	3,447,623	63,024	0.0183	0.9817	94.38
23.5	2,804,804	31,938	0.0114	0.9886	92.66
24.5	2,288,090	13,001	0.0057	0.9943	91.60
25.5	1,632,225	16,563	0.0101	0.9899	91.08
26.5	1,324,213	23,470	0.0177	0.9823	90.16
27.5	1,031,874	13,611	0.0132	0.9868	88.56
28.5	957,750	17,188	0.0179	0.9821	87.39
29.5	829,200	8,777	0.0106	0.9894	85.82
30.5	747,780	4,817	0.0064	0.9936	84.92
31.5	725,391	8,359	0.0115	0.9885	84.37
32.5	682,306	4,099	0.0060	0.9940	83.40
33.5	718,130	13,968	0.0195	0.9805	82.90
34.5	730,468	4,178	0.0057	0.9943	81.28
35.5	1,267,060	2,751	0.0022	0.9978	80.82
36.5	1,247,554	4,784	0.0038	0.9962	80.64
37.5	1,168,436	5,824	0.0050	0.9950	80.33
38.5	836,095	1,210	0.0014	0.9986	79.93

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 27.3 | 004 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1978 | | EXPERIENCE BAND 1969-1978

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	1,050,873	4,872	0.0046	0.9954	79.82
40.5	1,119,020	15,616	0.0140	0.9860	79.45
41.5	1,070,164	5,667	0.0053	0.9947	78.34
42.5	1,106,472	39,935	0.0361	0.9639	77.92
43.5	1,043,936	14,074	0.0135	0.9865	75.11
44.5	1,058,646	8,976	0.0085	0.9915	74.10
45.5	516,464	974	0.0019	0.9981	73.47
46.5	507,613	5,409	0.0107	0.9893	73.33
47.5	483,605	9,437	0.0195	0.9805	72.55
48.5	459,057	34,228	0.0746	0.9254	71.14
49.5	238,204	12,339	0.0518	0.9482	65.83
50.5	140,700	7,390	0.0525	0.9475	62.42
51.5	123,472	8,164	0.0661	0.9339	59.14
52.5	92,562	9,898	0.1069	0.8931	55.23
53.5	66,635	2,219	0.0333	0.9667	49.33
54.5	41,076	2,460	0.0599	0.9401	47.68
55.5	68,148	1,476	0.0217	0.9783	44.83
56.5	65,289	3,818	0.0585	0.9415	43.86
57.5	59,868	7,659	0.1279	0.8721	41.29
58.5	50,626	17,406	0.3438	0.6562	36.01
59.5	31,286	752	0.0240	0.9760	23.63
60.5	39,129	3,266	0.0835	0.9165	23.06
61.5	35,334	546	0.0155	0.9845	21.14
62.5	61,063	5,580	0.0914	0.9086	20.81
63.5	76,443	61	0.0008	0.9992	18.91
64.5	73,661	434	0.0059	0.9941	18.89
65.5	68,858	1,476	0.0214	0.9786	18.78
66.5	67,159	85	0.0013	0.9987	18.38
67.5	67,048	3,131	0.0467	0.9533	18.36
68.5	63,821	666	0.0104	0.9896	17.50
69.5	59,840		0.0000	1.0000	17.32
70.5	59,426	1,444	0.0243	0.9757	17.32
71.5	57,804		0.0000	1.0000	16.89
72.5	32,839	1,093	0.0333	0.9667	16.89
73.5	6,214	3,287	0.5289	0.4711	16.33
74.5	2,927		0.0000	1.0000	7.69
75.5	2,927		0.0000	1.0000	7.69
76.5	2,927	338	0.1155	0.8845	7.69
77.5	2,589		0.0000	1.0000	6.81
78.5	2,589		0.0000	1.0000	6.81
79.5					6.81

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 27.3
PLACEMENT BAND 1899-1978

004

EXPERIENCE ANALYSIS
EXPERIENCE BAND 1969-1978

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
TOTAL	244,248,616	906,320			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-1978 004 EXPERIENCE BAND 1969-1978

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
70.7-S0	2.85	0 - 53	NOT FITTED		
64.1-S0.5	2.12	0 - 53	62.9-S0.5	2.78	30 - 53
59.1-S1	2.07	0 - 53	59.6-S1	2.85	30 - 53
55.7-S1.5	2.85	0 - 53	56.8-S1.5	3.42	30 - 53
53.0-S2	4.30	0 - 53	54.7-S2	4.58	30 - 53
86.6-R0.5	5.05	0 - 53	NOT FITTED		
72.4-R1	4.25	0 - 53	NOT FITTED		
63.6-R1.5	3.20	0 - 53	59.7-R1.5	2.70	30 - 53
57.4-R2	2.11	0 - 53	56.1-R2	2.49	30 - 53
53.5-R2.5	2.29	0 - 53	53.5-R2.5	3.11	30 - 53
50.7-R3	3.93	0 - 53	51.6-R3	4.64	30 - 53
94.6-L0	4.02	0 - 53	NOT FITTED		
81.9-L0.5	3.16	0 - 53	NOT FITTED		
72.5-L1	2.24	0 - 53	NOT FITTED		
65.5-L1.5	2.06	0 - 53	65.6-L1.5	2.89	30 - 53
60.3-L2	3.11	0 - 53	61.7-L2	3.69	30 - 53
56.5-L2.5	4.18	0 - 53	58.1-L2.5	4.67	30 - 53
104.4-O1	5.46	0 - 53	NOT FITTED		
117.3-O2	5.45	0 - 53	NOT FITTED		
169.7-O3	5.57	0 - 53	NOT FITTED		
200.2-O4	5.29	0 - 53	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 23.3
PLACEMENT BAND 1899-1988

005

EXPERIENCE ANALYSIS
EXPERIENCE BAND 1979-1988

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	35,727,971	240	0.0000	1.0000	100.00
0.5	32,318,525	28,107	0.0009	0.9991	100.00
1.5	21,959,395	46,764	0.0021	0.9979	99.91
2.5	18,998,946	62,212	0.0033	0.9967	99.70
3.5	17,471,037	54,402	0.0031	0.9969	99.37
4.5	14,507,593	23,892	0.0016	0.9984	99.06
5.5	13,431,594	36,222	0.0027	0.9973	98.90
6.5	11,855,763	11,326	0.0010	0.9990	98.63
7.5	10,692,815	32,338	0.0030	0.9970	98.54
8.5	9,673,246	50,099	0.0052	0.9948	98.24
9.5	9,671,437	12,244	0.0013	0.9987	97.73
10.5	9,567,594	11,313	0.0012	0.9988	97.61
11.5	9,314,300	33,307	0.0036	0.9964	97.49
12.5	10,043,576	21,395	0.0021	0.9979	97.15
13.5	10,508,721	9,332	0.0009	0.9991	96.94
14.5	10,923,216	22,850	0.0021	0.9979	96.85
15.5	11,114,837	25,430	0.0023	0.9977	96.65
16.5	10,745,064	27,606	0.0026	0.9974	96.43
17.5	10,471,537	63,074	0.0060	0.9940	96.18
18.5	10,432,162	64,589	0.0062	0.9938	95.60
19.5	9,596,402	18,930	0.0020	0.9980	95.01
20.5	9,649,234	23,487	0.0024	0.9976	94.82
21.5	10,258,376	13,756	0.0013	0.9987	94.59
22.5	9,632,181	23,108	0.0024	0.9976	94.46
23.5	9,254,331	24,460	0.0026	0.9974	94.24
24.5	8,633,580	23,207	0.0027	0.9973	93.99
25.5	8,361,125	26,209	0.0031	0.9969	93.74
26.5	7,977,459	31,209	0.0039	0.9961	93.44
27.5	7,474,568	14,196	0.0019	0.9981	93.08
28.5	7,020,622	24,677	0.0035	0.9965	92.90
29.5	6,203,494	30,788	0.0050	0.9950	92.57
30.5	5,131,801	36,743	0.0072	0.9928	92.11
31.5	3,847,565	33,461	0.0087	0.9913	91.45
32.5	3,119,000	20,019	0.0064	0.9936	90.66
33.5	2,541,062	21,071	0.0083	0.9917	90.08
34.5	2,063,255	29,740	0.0144	0.9856	89.33
35.5	1,435,729	20,042	0.0140	0.9860	88.04
36.5	1,147,493	14,406	0.0126	0.9874	86.81
37.5	871,171	5,602	0.0064	0.9936	85.72
38.5	848,461	9,661	0.0114	0.9886	85.17

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 23.3
PLACEMENT BAND 1899-1988

005

EXPERIENCE ANALYSIS
EXPERIENCE BAND 1979-1988

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	745,881	9,252	0.0124	0.9876	84.20
40.5	663,599	7,060	0.0106	0.9894	83.16
41.5	654,672	6,786	0.0104	0.9896	82.27
42.5	614,821	7,136	0.0116	0.9884	81.42
43.5	646,221	11,116	0.0172	0.9828	80.48
44.5	635,954	11,161	0.0175	0.9825	79.09
45.5	1,162,671	6,114	0.0053	0.9947	77.70
46.5	1,136,765	10,384	0.0091	0.9909	77.29
47.5	1,056,106	3,805	0.0036	0.9964	76.59
48.5	760,057	8,285	0.0109	0.9891	76.31
49.5	913,230	7,470	0.0082	0.9918	75.48
50.5	972,459	16,968	0.0174	0.9826	74.86
51.5	927,363	6,172	0.0067	0.9933	73.56
52.5	934,256	6,036	0.0065	0.9935	73.07
53.5	918,595	10,098	0.0110	0.9890	72.60
54.5	936,795	8,001	0.0085	0.9915	71.80
55.5	416,943	6,424	0.0154	0.9846	71.18
56.5	401,032	10,229	0.0255	0.9745	70.09
57.5	375,512	6,919	0.0184	0.9816	68.30
58.5	344,443	7,843	0.0228	0.9772	67.04
59.5	164,063	2,890	0.0176	0.9824	65.51
60.5	94,040	872	0.0093	0.9907	64.36
61.5	81,897	1,192	0.0145	0.9855	63.76
62.5	60,149	733	0.0122	0.9878	62.84
63.5	47,495	1,058	0.0223	0.9777	62.07
64.5	25,879	736	0.0285	0.9715	60.69
65.5	26,794	108	0.0040	0.9960	58.96
66.5	25,294	704	0.0278	0.9722	58.72
67.5	23,103	394	0.0170	0.9830	57.09
68.5	19,584	3,602	0.1839	0.8161	56.12
69.5	24,066	113	0.0047	0.9953	45.79
70.5	24,239	520	0.0215	0.9785	45.58
71.5	23,896	58	0.0024	0.9976	44.60
72.5	48,726		0.0000	1.0000	44.49
73.5	64,564	1,569	0.0243	0.9757	44.49
74.5	62,215	66	0.0011	0.9989	43.41
75.5	58,711	9,831	0.1674	0.8326	43.37
76.5	48,698	323	0.0066	0.9934	36.10
77.5	48,375	3,855	0.0797	0.9203	35.87
78.5	44,430		0.0000	1.0000	33.01

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 23.3 | 005 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1988 | | EXPERIENCE BAND 1979-1988

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	47,019	2,341	0.0498	0.9502	33.01
80.5	44,305		0.0000	1.0000	31.36
81.5	44,305	557	0.0126	0.9874	31.36
82.5	21,689		0.0000	1.0000	30.97
83.5	2,589	228	0.0882	0.9118	30.97
84.5	2,361		0.0000	1.0000	28.24
85.5	2,361	402	0.1701	0.8299	28.24
86.5	1,959		0.0000	1.0000	23.43
87.5	1,959		0.0000	1.0000	23.43
88.5	1,959		0.0000	1.0000	23.43
89.5					23.43
TOTAL	420,900,335	1,280,924			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-1988 005 EXPERIENCE BAND 1979-1988

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
82.9-S0	1.37	0 - 59	NOT FITTED		
74.6-S0.5	0.88	0 - 59	NOT FITTED		
68.2-S1	1.84	0 - 59	NOT FITTED		
64.0-S1.5	2.94	0 - 59	NOT FITTED		
104.0-R0.5	3.49	0 - 59	NOT FITTED		
85.8-R1	2.75	0 - 59	NOT FITTED		
74.6-R1.5	1.76	0 - 59	NOT FITTED		
66.5-R2	0.92	0 - 59	NOT FITTED		
61.5-R2.5	2.08	0 - 59	62.8-R2.5	2.60	39 - 59
57.9-R3	4.13	0 - 59	60.4-R3	4.16	39 - 59
112.2-L0	2.46	0 - 59	NOT FITTED		
96.3-L0.5	1.60	0 - 59	NOT FITTED		
84.4-L1	0.82	0 - 59	NOT FITTED		
75.8-L1.5	1.42	0 - 59	NOT FITTED		
69.3-L2	3.10	0 - 59	NOT FITTED		
126.1-O1	3.84	0 - 59	NOT FITTED		
141.7-O2	3.84	0 - 59	NOT FITTED		
200.2-O3	3.83	0 - 59	NOT FITTED		
200.2-O4	5.16	0 - 59	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 24.3 | 006 | EXPERIENCE ANALYSIS

PLACEMENT BAND 1899-1998 | EXPERIENCE BAND 1989-1998

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	32,395,169		0.0000	1.0000	100.00
0.5	32,760,705	6,358	0.0002	0.9998	100.00
1.5	44,505,404	66,473	0.0015	0.9985	99.98
2.5	44,350,213	60,533	0.0014	0.9986	99.83
3.5	42,485,703	24,489	0.0006	0.9994	99.70
4.5	41,629,923	143,653	0.0035	0.9965	99.64
5.5	39,904,516	76,690	0.0019	0.9981	99.29
6.5	39,357,487	114,163	0.0029	0.9971	99.10
7.5	38,998,139	83,862	0.0022	0.9978	98.82
8.5	37,735,653	143,940	0.0038	0.9962	98.60
9.5	35,967,578	136,759	0.0038	0.9962	98.23
10.5	32,979,447	102,834	0.0031	0.9969	97.85
11.5	22,788,452	53,814	0.0024	0.9976	97.55
12.5	19,929,756	147,231	0.0074	0.9926	97.32
13.5	18,736,631	186,228	0.0099	0.9901	96.60
14.5	15,905,307	94,099	0.0059	0.9941	95.64
15.5	14,602,981	44,179	0.0030	0.9970	95.07
16.5	13,178,740	70,925	0.0054	0.9946	94.79
17.5	11,726,541	31,670	0.0027	0.9973	94.28
18.5	10,620,027	56,998	0.0054	0.9946	94.02
19.5	10,682,694	102,209	0.0096	0.9904	93.52
20.5	10,455,284	108,685	0.0104	0.9896	92.62
21.5	10,395,140	59,936	0.0058	0.9942	91.66
22.5	10,944,781	44,915	0.0041	0.9959	91.13
23.5	11,352,863	31,793	0.0028	0.9972	90.76
24.5	11,646,576	27,092	0.0023	0.9977	90.50
25.5	11,811,906	21,078	0.0018	0.9982	90.29
26.5	10,958,334	40,112	0.0037	0.9963	90.13
27.5	10,481,852	25,201	0.0024	0.9976	89.80
28.5	10,262,144	49,764	0.0048	0.9952	89.58
29.5	9,508,174	22,175	0.0023	0.9977	89.15
30.5	9,567,974	27,989	0.0029	0.9971	88.94
31.5	10,184,818	12,663	0.0012	0.9988	88.68
32.5	9,527,967	42,405	0.0045	0.9955	88.57
33.5	9,128,137	31,682	0.0035	0.9965	88.18
34.5	8,502,873	42,076	0.0049	0.9951	87.87
35.5	8,170,219	40,356	0.0049	0.9951	87.44
36.5	7,708,113	18,954	0.0025	0.9975	87.00
37.5	7,183,196	113,873	0.0159	0.9841	86.79
38.5	6,614,824	21,571	0.0033	0.9967	85.41

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 24.3
PLACEMENT BAND 1899-1998

006

EXPERIENCE ANALYSIS
EXPERIENCE BAND 1989-1998

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	5,816,501	30,250	0.0052	0.9948	85.14
40.5	4,990,151	44,212	0.0089	0.9911	84.69
41.5	3,718,535	14,935	0.0040	0.9960	83.94
42.5	3,025,671	37,070	0.0123	0.9877	83.61
43.5	2,482,381	38,445	0.0155	0.9845	82.58
44.5	2,022,954	21,668	0.0107	0.9893	81.30
45.5	1,536,812	35,472	0.0231	0.9769	80.43
46.5	1,260,037	17,630	0.0140	0.9860	78.58
47.5	801,892	9,976	0.0124	0.9876	77.48
48.5	766,547	14,901	0.0194	0.9806	76.51
49.5	668,112	13,043	0.0195	0.9805	75.02
50.5	596,602	9,821	0.0165	0.9835	73.56
51.5	587,551	8,663	0.0147	0.9853	72.35
52.5	548,854	5,099	0.0093	0.9907	71.28
53.5	566,702	9,914	0.0175	0.9825	70.62
54.5	556,449	6,437	0.0116	0.9884	69.38
55.5	1,061,675	19,188	0.0181	0.9819	68.58
56.5	1,023,315	4,637	0.0045	0.9955	67.34
57.5	958,887	7,000	0.0073	0.9927	67.04
58.5	698,950	1,295	0.0019	0.9981	66.55
59.5	846,946	4,572	0.0054	0.9946	66.42
60.5	896,045	5,415	0.0060	0.9940	66.07
61.5	863,487	9,943	0.0115	0.9885	65.67
62.5	1,077,806	151,554	0.1406	0.8594	64.91
63.5	1,040,722	20,351	0.0196	0.9804	55.78
64.5	1,041,305	21,369	0.0205	0.9795	54.69
65.5	515,425	4,551	0.0088	0.9912	53.57
66.5	501,358	4,486	0.0089	0.9911	53.10
67.5	481,684	8,506	0.0177	0.9823	52.62
68.5	452,469	15,770	0.0349	0.9651	51.69
69.5	309,006	6,994	0.0226	0.9774	49.89
70.5	79,385	6,081	0.0766	0.9234	48.76
71.5	62,591	5,215	0.0833	0.9167	45.03
72.5	40,771	4,113	0.1009	0.8991	41.28
73.5	26,656	5,535	0.2076	0.7924	37.11
74.5	16,978	923	0.0544	0.9456	29.41
75.5	18,247	387	0.0212	0.9788	27.81
76.5	17,356	545	0.0314	0.9686	27.22
77.5	16,522	384	0.0232	0.9768	26.36
78.5	13,749	189	0.0137	0.9863	25.75

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 24.3 006 EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-1998 EXPERIENCE BAND 1989-1998

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	13,560		0.0000	1.0000	25.40
80.5	13,805	201	0.0145	0.9855	25.40
81.5	13,604	821	0.0604	0.9396	25.03
82.5	34,788	171	0.0049	0.9951	23.52
83.5	44,850	1,000	0.0223	0.9777	23.40
84.5	43,684	215	0.0049	0.9951	22.88
85.5	40,711	229	0.0056	0.9944	22.77
86.5	40,483		0.0000	1.0000	22.64
87.5	40,483	483	0.0119	0.9881	22.64
88.5	39,977	2,186	0.0547	0.9453	22.37
89.5	35,806	537	0.0150	0.9850	21.15
90.5	35,191	1,353	0.0384	0.9616	20.83
91.5	33,838		0.0000	1.0000	20.03
92.5	13,195		0.0000	1.0000	20.03
93.5	1,959		0.0000	1.0000	20.03
94.5	1,959		0.0000	1.0000	20.03
95.5	1,959		0.0000	1.0000	20.03
96.5	1,959		0.0000	1.0000	20.03
97.5	1,959		0.0000	1.0000	20.03
98.5	1,959		0.0000	1.0000	20.03
99.5					20.03
TOTAL	828,109,056	3,163,159			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-1998 006 EXPERIENCE BAND 1989-1998

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
76.9-S0	2.58	0 - 70	76.3-S0	3.49	40 - 70
71.7-S0.5	2.07	0 - 70	73.0-S0.5	2.49	40 - 70
67.7-S1	2.92	0 - 70	70.5-S1	1.84	40 - 70
65.0-S1.5	4.13	0 - 70	68.3-S1.5	2.22	40 - 70
87.1-R0.5	4.75	0 - 70	79.1-R0.5	4.88	40 - 70
76.3-R1	3.38	0 - 70	72.7-R1	3.65	40 - 70
69.9-R1.5	1.90	0 - 70	69.1-R1.5	2.40	40 - 70
65.4-R2	1.84	0 - 70	66.6-R2	1.76	40 - 70
62.6-R2.5	3.68	0 - 70	64.7-R2.5	2.84	40 - 70
60.6-R3	6.16	0 - 70	63.4-R3	4.84	40 - 70
98.1-L0	4.02	0 - 70	NOT FITTED		
87.9-L0.5	2.99	0 - 70	86.1-L0.5	4.02	40 - 70
80.1-L1	2.45	0 - 70	81.5-L1	3.16	40 - 70
74.4-L1.5	2.56	0 - 70	77.0-L1.5	2.07	40 - 70
70.0-L2	4.14	0 - 70	73.9-L2	2.20	40 - 70
101.6-O1	5.54	0 - 70	NOT FITTED		
114.3-O2	5.54	0 - 70	NOT FITTED		
163.3-O3	5.82	0 - 70	NOT FITTED		
200.2-O4	5.71	0 - 70	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

INPUT CONTROL TOTALS THROUGH 2012

TRAN CODE	TOTAL INPUT DATA AGED	UNAGED	TOTAL
0	15,562,961.20-	0.00	15,562,961.20-
1	249,054.64-	0.00	249,054.64-
2	63,752.93-	0.00	63,752.93-
3	832,161.52	0.00	832,161.52
5	8,606,859.84	0.00	8,606,859.84
9	167,323,540.75	0.00	167,323,540.75
TOTAL DATA	160,886,793.34	0.00	160,886,793.34
8	161,497,980.65	0.00	161,497,980.65
TOTAL DATA LESS CD 8	611,187.31-	0.00	611,187.31-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 23.3 | 001 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 1973-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	147,208,049	35,380	0.0002	0.9998	100.00
0.5	138,647,880	106,537	0.0008	0.9992	99.98
1.5	133,302,073	276,096	0.0021	0.9979	99.90
2.5	129,552,661	425,029	0.0033	0.9967	99.69
3.5	124,775,067	451,169	0.0036	0.9964	99.37
4.5	118,296,823	448,889	0.0038	0.9962	99.01
5.5	114,480,611	467,890	0.0041	0.9959	98.63
6.5	108,333,071	390,017	0.0036	0.9964	98.23
7.5	106,828,158	322,151	0.0030	0.9970	97.87
8.5	105,859,203	431,339	0.0041	0.9959	97.58
9.5	105,462,290	415,978	0.0039	0.9961	97.18
10.5	100,172,873	368,068	0.0037	0.9963	96.80
11.5	96,068,857	474,827	0.0049	0.9951	96.44
12.5	94,057,870	413,700	0.0044	0.9956	95.97
13.5	87,591,611	504,604	0.0058	0.9942	95.54
14.5	84,230,577	378,395	0.0045	0.9955	94.99
15.5	85,295,388	297,529	0.0035	0.9965	94.57
16.5	82,504,055	402,239	0.0049	0.9951	94.24
17.5	79,256,820	389,343	0.0049	0.9951	93.78
18.5	75,280,394	319,064	0.0042	0.9958	93.32
19.5	72,576,254	461,277	0.0064	0.9936	92.92
20.5	69,834,066	466,530	0.0067	0.9933	92.33
21.5	67,694,158	346,423	0.0051	0.9949	91.71
22.5	64,720,422	511,959	0.0079	0.9921	91.24
23.5	61,030,987	266,467	0.0044	0.9956	90.52
24.5	56,737,617	348,647	0.0061	0.9939	90.13
25.5	45,689,207	273,497	0.0060	0.9940	89.57
26.5	41,943,318	235,516	0.0056	0.9944	89.04
27.5	40,067,920	136,118	0.0034	0.9966	88.54
28.5	36,910,651	220,259	0.0060	0.9940	88.24
29.5	35,000,527	176,472	0.0050	0.9950	87.71
30.5	32,395,714	208,319	0.0064	0.9936	87.27
31.5	29,993,375	139,384	0.0046	0.9954	86.71
32.5	28,242,558	156,566	0.0055	0.9945	86.30
33.5	26,413,194	152,217	0.0058	0.9942	85.82
34.5	24,953,305	112,064	0.0045	0.9955	85.33
35.5	24,140,052	117,359	0.0049	0.9951	84.95
36.5	23,301,963	79,096	0.0034	0.9966	84.53
37.5	22,830,659	158,795	0.0070	0.9930	84.25
38.5	22,097,219	60,697	0.0027	0.9973	83.66

AVG AGE RET 23.3 | 001 | EXPERIENCE ANALYSIS

PLACEMENT BAND 1899-2012 | EXPERIENCE BAND 1973-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	21,936,609	90,225	0.0041	0.9959	83.43
40.5	20,633,057	84,698	0.0041	0.9959	83.09
41.5	19,277,874	75,913	0.0039	0.9961	82.75
42.5	18,269,873	113,672	0.0062	0.9938	82.42
43.5	16,753,313	116,927	0.0070	0.9930	81.91
44.5	15,698,337	75,800	0.0048	0.9952	81.34
45.5	14,997,884	128,584	0.0086	0.9914	80.94
46.5	13,548,411	79,454	0.0059	0.9941	80.25
47.5	12,591,825	71,465	0.0057	0.9943	79.78
48.5	11,545,898	92,374	0.0080	0.9920	79.33
49.5	10,598,320	85,136	0.0080	0.9920	78.69
50.5	9,816,317	125,275	0.0128	0.9872	78.06
51.5	8,869,121	65,883	0.0074	0.9926	77.06
52.5	7,990,617	92,147	0.0115	0.9885	76.49
53.5	7,049,773	87,707	0.0124	0.9876	75.61
54.5	5,888,350	48,118	0.0082	0.9918	74.67
55.5	4,680,529	60,853	0.0130	0.9870	74.06
56.5	3,964,393	73,581	0.0186	0.9814	73.10
57.5	3,466,268	48,192	0.0139	0.9861	71.74
58.5	3,050,736	104,279	0.0342	0.9658	70.74
59.5	2,591,025	41,367	0.0160	0.9840	68.32
60.5	2,384,758	25,345	0.0106	0.9894	67.23
61.5	1,970,809	37,073	0.0188	0.9812	66.52
62.5	1,878,156	170,655	0.0909	0.9091	65.27
63.5	1,742,271	40,684	0.0234	0.9766	59.34
64.5	1,628,573	32,086	0.0197	0.9803	57.95
65.5	1,561,576	20,524	0.0131	0.9869	56.81
66.5	1,533,518	13,121	0.0086	0.9914	56.06
67.5	1,536,916	16,331	0.0106	0.9894	55.58
68.5	1,517,727	43,587	0.0287	0.9713	54.99
69.5	1,468,027	30,364	0.0207	0.9793	53.41
70.5	1,427,622	50,016	0.0350	0.9650	52.31
71.5	1,321,412	20,811	0.0157	0.9843	50.48
72.5	1,117,641	6,609	0.0059	0.9941	49.68
73.5	1,095,809	23,290	0.0213	0.9787	49.39
74.5	1,059,448	26,711	0.0252	0.9748	48.34
75.5	1,001,786	50,543	0.0505	0.9495	47.12
76.5	941,293	7,278	0.0077	0.9923	44.74
77.5	904,245	28,598	0.0316	0.9684	44.40
78.5	873,632	18,463	0.0211	0.9789	42.99

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 23.3 | 001 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 1973-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	434,231	13,405	0.0309	0.9691	42.08
80.5	412,133	6,683	0.0162	0.9838	40.78
81.5	394,122	7,068	0.0179	0.9821	40.12
82.5	376,572	7,984	0.0212	0.9788	39.40
83.5	296,809	5,836	0.0197	0.9803	38.57
84.5	91,590	865	0.0094	0.9906	37.81
85.5	81,214	1,321	0.0163	0.9837	37.45
86.5	67,952	727	0.0107	0.9893	36.84
87.5	60,207	2,331	0.0387	0.9613	36.45
88.5	57,147	2,759	0.0483	0.9517	35.04
89.5	49,295	537	0.0109	0.9891	33.35
90.5	48,660	1,514	0.0311	0.9689	32.98
91.5	47,019	1	0.0000	1.0000	31.96
92.5	45,078		0.0000	1.0000	31.95
93.5	45,078	2,273	0.0504	0.9496	31.95
94.5	42,681	54	0.0013	0.9987	30.34
95.5	42,627	607	0.0142	0.9858	30.31
96.5	41,968	8,057	0.1920	0.8080	29.87
97.5	26,397	832	0.0315	0.9685	24.14
98.5	25,363		0.0000	1.0000	23.38
99.5	22,680	583	0.0257	0.9743	23.38
100.5	22,097		0.0000	1.0000	22.78
101.5	22,097	8,829	0.3996	0.6004	22.78
102.5	13,245	79	0.0060	0.9940	13.68
103.5	13,167	799	0.0607	0.9393	13.59
104.5	12,291	1,566	0.1274	0.8726	12.77
105.5	10,726		0.0000	1.0000	11.14
106.5	10,409	3,212	0.3086	0.6914	11.14
107.5	1,459		0.0000	1.0000	7.70
108.5	1,459		0.0000	1.0000	7.70
109.5	1,459		0.0000	1.0000	7.70
110.5	1,459		0.0000	1.0000	7.70
111.5	1,459	584	0.4000	0.6000	7.70
112.5	875		0.0000	1.0000	4.62
113.5					4.62
TOTAL	3,206,782,271	14,448,148			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 001 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
78.4-S0	2.46	0 - 70	80.7-S0	3.13	35 - 70
72.9-S0.5	2.84	0 - 70	76.1-S0.5	2.42	35 - 70
68.7-S1	4.17	0 - 70	72.7-S1	2.45	35 - 70
65.8-S1.5	5.48	0 - 70	69.9-S1.5	3.27	35 - 70
89.5-R0.5	3.59	0 - 70	86.1-R0.5	4.53	35 - 70
77.9-R1	2.46	0 - 70	77.4-R1	3.38	35 - 70
71.2-R1.5	1.74	0 - 70	72.3-R1.5	2.24	35 - 70
66.4-R2	2.87	0 - 70	68.7-R2	1.96	35 - 70
63.4-R2.5	4.75	0 - 70	66.2-R2.5	3.16	35 - 70
100.6-L0	3.11	0 - 70	100.3-L0	4.37	35 - 70
89.8-L0.5	2.59	0 - 70	91.7-L0.5	3.53	35 - 70
81.6-L1	3.01	0 - 70	85.5-L1	2.92	35 - 70
75.5-L1.5	3.79	0 - 70	79.7-L1.5	2.52	35 - 70
104.8-O1	4.27	0 - 70	98.2-O1	5.27	35 - 70
117.8-O2	4.27	0 - 70	NOT FITTED		
168.6-O3	4.52	0 - 70	NOT FITTED		
200.2-O4	4.61	0 - 70	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 23.1 002 EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 EXPERIENCE BAND 1983-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	133,661,670	35,154	0.0003	0.9997	100.00
0.5	126,651,411	89,944	0.0007	0.9993	99.97
1.5	122,503,940	268,161	0.0022	0.9978	99.90
2.5	119,761,387	407,294	0.0034	0.9966	99.68
3.5	114,966,443	433,833	0.0038	0.9962	99.35
4.5	108,584,318	433,246	0.0040	0.9960	98.97
5.5	105,043,518	457,532	0.0044	0.9956	98.58
6.5	98,143,950	380,048	0.0039	0.9961	98.15
7.5	96,179,318	297,989	0.0031	0.9969	97.77
8.5	94,812,075	423,013	0.0045	0.9955	97.46
9.5	94,202,303	411,065	0.0044	0.9956	97.03
10.5	89,282,694	356,141	0.0040	0.9960	96.60
11.5	85,436,382	452,329	0.0053	0.9947	96.22
12.5	83,451,022	389,265	0.0047	0.9953	95.71
13.5	77,829,764	493,932	0.0063	0.9937	95.26
14.5	74,418,268	366,999	0.0049	0.9951	94.66
15.5	74,841,833	261,144	0.0035	0.9965	94.19
16.5	72,749,728	365,635	0.0050	0.9950	93.86
17.5	69,889,786	376,016	0.0054	0.9946	93.39
18.5	66,507,026	305,085	0.0046	0.9954	92.89
19.5	64,022,183	443,241	0.0069	0.9931	92.46
20.5	61,646,820	429,101	0.0070	0.9930	91.82
21.5	60,021,275	318,329	0.0053	0.9947	91.18
22.5	57,491,264	445,190	0.0077	0.9923	90.70
23.5	54,657,455	230,357	0.0042	0.9958	90.00
24.5	51,452,009	333,186	0.0065	0.9935	89.62
25.5	41,664,615	250,469	0.0060	0.9940	89.04
26.5	38,647,854	203,315	0.0053	0.9947	88.50
27.5	37,375,069	118,523	0.0032	0.9968	88.04
28.5	34,700,947	202,351	0.0058	0.9942	87.76
29.5	33,447,178	153,743	0.0046	0.9954	87.25
30.5	31,148,930	197,218	0.0063	0.9937	86.85
31.5	29,033,641	125,784	0.0043	0.9957	86.30
32.5	27,331,653	149,448	0.0055	0.9945	85.92
33.5	25,614,525	139,598	0.0054	0.9946	85.45
34.5	24,247,210	107,971	0.0045	0.9955	84.99
35.5	23,445,585	114,056	0.0049	0.9951	84.61
36.5	22,644,680	73,545	0.0032	0.9968	84.20
37.5	22,138,909	150,339	0.0068	0.9932	83.92
38.5	21,388,570	55,953	0.0026	0.9974	83.35

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 23.1 | 002 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 1983-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	20,691,098	81,594	0.0039	0.9961	83.13
40.5	19,413,009	77,884	0.0040	0.9960	82.81
41.5	18,135,906	67,560	0.0037	0.9963	82.47
42.5	17,443,392	93,661	0.0054	0.9946	82.17
43.5	15,767,877	100,831	0.0064	0.9936	81.73
44.5	14,655,948	64,973	0.0044	0.9956	81.20
45.5	13,997,408	125,718	0.0090	0.9910	80.84
46.5	12,518,989	70,018	0.0056	0.9944	80.12
47.5	11,586,796	61,757	0.0053	0.9947	79.67
48.5	10,519,480	58,197	0.0055	0.9945	79.24
49.5	10,133,900	72,270	0.0071	0.9929	78.81
50.5	9,373,281	113,321	0.0121	0.9879	78.24
51.5	8,453,444	60,358	0.0071	0.9929	77.30
52.5	7,602,674	86,612	0.0114	0.9886	76.75
53.5	6,852,088	83,904	0.0122	0.9878	75.87
54.5	5,774,906	42,265	0.0073	0.9927	74.94
55.5	4,583,219	56,485	0.0123	0.9877	74.39
56.5	3,893,110	67,984	0.0175	0.9825	73.48
57.5	3,412,491	47,112	0.0138	0.9862	72.19
58.5	3,016,597	101,992	0.0338	0.9662	71.20
59.5	2,553,064	39,947	0.0156	0.9844	68.79
60.5	2,347,303	21,696	0.0092	0.9908	67.71
61.5	1,938,621	35,778	0.0185	0.9815	67.09
62.5	1,850,830	165,166	0.0892	0.9108	65.85
63.5	1,713,106	40,557	0.0237	0.9763	59.97
64.5	1,599,248	31,547	0.0197	0.9803	58.55
65.5	1,532,612	20,511	0.0134	0.9866	57.40
66.5	1,479,007	12,392	0.0084	0.9916	56.63
67.5	1,463,179	13,191	0.0090	0.9910	56.16
68.5	1,449,838	42,872	0.0296	0.9704	55.65
69.5	1,406,236	30,363	0.0216	0.9784	54.00
70.5	1,366,022	48,571	0.0356	0.9644	52.84
71.5	1,261,277	20,811	0.0165	0.9835	50.96
72.5	1,057,601	6,609	0.0062	0.9938	50.12
73.5	1,038,507	18,443	0.0178	0.9822	49.81
74.5	1,007,407	26,711	0.0265	0.9735	48.92
75.5	949,922	49,840	0.0525	0.9475	47.62
76.5	913,536	6,618	0.0072	0.9928	45.13
77.5	901,655	28,598	0.0317	0.9683	44.80
78.5	871,043	18,463	0.0212	0.9788	43.38

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 23.1 | 002 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 1983-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	431,642	13,405	0.0311	0.9689	42.46
80.5	409,544	6,683	0.0163	0.9837	41.14
81.5	391,533	7,068	0.0181	0.9819	40.47
82.5	373,982	7,984	0.0213	0.9787	39.74
83.5	296,809	5,836	0.0197	0.9803	38.89
84.5	91,590	865	0.0094	0.9906	38.12
85.5	81,214	1,321	0.0163	0.9837	37.76
86.5	67,952	727	0.0107	0.9893	37.15
87.5	60,207	2,331	0.0387	0.9613	36.75
88.5	57,147	2,759	0.0483	0.9517	35.33
89.5	49,295	537	0.0109	0.9891	33.62
90.5	48,660	1,514	0.0311	0.9689	33.26
91.5	47,019	1	0.0000	1.0000	32.22
92.5	45,078		0.0000	1.0000	32.22
93.5	45,078	2,273	0.0504	0.9496	32.22
94.5	42,681	54	0.0013	0.9987	30.60
95.5	42,627	607	0.0142	0.9858	30.56
96.5	41,968	8,057	0.1920	0.8080	30.12
97.5	26,397	832	0.0315	0.9685	24.34
98.5	25,363		0.0000	1.0000	23.57
99.5	22,680	583	0.0257	0.9743	23.57
100.5	22,097		0.0000	1.0000	22.97
101.5	22,097	8,829	0.3996	0.6004	22.97
102.5	13,245	79	0.0060	0.9940	13.79
103.5	13,167	799	0.0607	0.9393	13.71
104.5	12,291	1,566	0.1274	0.8726	12.88
105.5	10,726		0.0000	1.0000	11.24
106.5	10,409	3,212	0.3086	0.6914	11.24
107.5	1,459		0.0000	1.0000	7.77
108.5	1,459		0.0000	1.0000	7.77
109.5	1,459		0.0000	1.0000	7.77
110.5	1,459		0.0000	1.0000	7.77
111.5	1,459	584	0.4000	0.6000	7.77
112.5	875		0.0000	1.0000	4.66
113.5					4.66
TOTAL	2,920,373,503	13,537,227			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 002 EXPERIENCE BAND 1983-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
77.9-S0	2.65	0 - 72	80.3-S0	3.20	34 - 72
72.7-S0.5	3.10	0 - 72	76.0-S0.5	2.52	34 - 72
68.8-S1	4.48	0 - 72	72.7-S1	2.69	34 - 72
66.1-S1.5	5.84	0 - 72	70.0-S1.5	3.68	34 - 72
87.7-R0.5	3.65	0 - 72	85.2-R0.5	4.62	34 - 72
77.1-R1	2.48	0 - 72	77.0-R1	3.38	34 - 72
70.9-R1.5	1.90	0 - 72	72.2-R1.5	2.21	34 - 72
66.5-R2	3.24	0 - 72	68.9-R2	2.18	34 - 72
63.8-R2.5	5.21	0 - 72	66.5-R2.5	3.65	34 - 72
99.0-L0	3.28	0 - 72	99.2-L0	4.52	34 - 72
88.9-L0.5	2.80	0 - 72	91.1-L0.5	3.65	34 - 72
81.2-L1	3.26	0 - 72	85.1-L1	3.05	34 - 72
75.5-L1.5	4.06	0 - 72	79.6-L1.5	2.73	34 - 72
102.0-O1	4.41	0 - 72	96.8-O1	5.46	34 - 72
114.7-O2	4.41	0 - 72	108.8-O2	5.46	34 - 72
163.7-O3	4.70	0 - 72		NOT FITTED	
200.2-O4	4.73	0 - 72		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 22.8 003 EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 EXPERIENCE BAND 1993-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	94,498,605	34,914	0.0004	0.9996	100.00
0.5	87,861,975	69,036	0.0008	0.9992	99.96
1.5	83,468,791	200,732	0.0024	0.9976	99.88
2.5	82,172,553	309,641	0.0038	0.9962	99.64
3.5	79,283,963	387,332	0.0049	0.9951	99.27
4.5	76,275,191	320,264	0.0042	0.9958	98.78
5.5	83,003,602	400,222	0.0048	0.9952	98.37
6.5	79,356,033	340,857	0.0043	0.9957	97.89
7.5	78,900,149	267,346	0.0034	0.9966	97.47
8.5	80,149,282	328,648	0.0041	0.9959	97.14
9.5	80,825,954	396,675	0.0049	0.9951	96.75
10.5	77,072,536	331,862	0.0043	0.9957	96.27
11.5	74,600,357	430,540	0.0058	0.9942	95.86
12.5	73,570,332	354,191	0.0048	0.9952	95.30
13.5	67,944,678	430,371	0.0063	0.9937	94.84
14.5	64,924,455	338,850	0.0052	0.9948	94.24
15.5	65,565,830	232,734	0.0035	0.9965	93.75
16.5	62,610,672	338,778	0.0054	0.9946	93.42
17.5	59,333,621	312,309	0.0053	0.9947	92.91
18.5	55,646,551	233,895	0.0042	0.9958	92.42
19.5	52,598,288	420,582	0.0080	0.9920	92.04
20.5	50,869,866	407,459	0.0080	0.9920	91.30
21.5	49,501,010	307,313	0.0062	0.9938	90.57
22.5	47,145,535	419,640	0.0089	0.9911	90.01
23.5	45,123,689	190,886	0.0042	0.9958	89.21
24.5	41,880,981	311,239	0.0074	0.9926	88.83
25.5	31,464,612	222,742	0.0071	0.9929	88.17
26.5	29,110,517	163,181	0.0056	0.9944	87.54
27.5	28,210,801	109,486	0.0039	0.9961	87.05
28.5	26,137,331	176,419	0.0067	0.9933	86.72
29.5	25,095,697	136,380	0.0054	0.9946	86.13
30.5	23,252,069	158,376	0.0068	0.9932	85.66
31.5	21,665,568	96,068	0.0044	0.9956	85.08
32.5	20,443,543	108,456	0.0053	0.9947	84.70
33.5	19,554,700	101,718	0.0052	0.9948	84.25
34.5	19,250,873	73,530	0.0038	0.9962	83.81
35.5	19,720,419	66,165	0.0034	0.9966	83.49
36.5	19,657,798	46,696	0.0024	0.9976	83.21
37.5	19,715,572	58,791	0.0030	0.9970	83.02
38.5	19,485,922	36,128	0.0019	0.9981	82.77

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 22.8 | 003 | EXPERIENCE ANALYSIS

PLACEMENT BAND 1899-2012 | EXPERIENCE BAND 1993-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	19,291,676	69,655	0.0036	0.9964	82.61
40.5	18,084,018	72,383	0.0040	0.9960	82.32
41.5	17,292,311	63,030	0.0036	0.9964	81.99
42.5	16,630,590	81,101	0.0049	0.9951	81.69
43.5	15,057,586	95,010	0.0063	0.9937	81.29
44.5	14,019,432	62,662	0.0045	0.9955	80.78
45.5	13,367,483	119,456	0.0089	0.9911	80.42
46.5	11,931,016	63,917	0.0054	0.9946	79.70
47.5	10,977,571	58,941	0.0054	0.9946	79.27
48.5	9,913,715	52,360	0.0053	0.9947	78.84
49.5	9,001,986	61,380	0.0068	0.9932	78.43
50.5	8,272,232	95,001	0.0115	0.9885	77.89
51.5	7,438,251	53,093	0.0071	0.9929	77.00
52.5	6,875,455	81,753	0.0119	0.9881	76.45
53.5	5,971,961	74,898	0.0125	0.9875	75.54
54.5	4,841,094	38,215	0.0079	0.9921	74.59
55.5	3,681,442	45,973	0.0125	0.9875	74.00
56.5	2,991,245	63,026	0.0211	0.9789	73.08
57.5	2,529,799	40,606	0.0161	0.9839	71.54
58.5	2,117,074	93,909	0.0444	0.9556	70.39
59.5	2,167,744	34,596	0.0160	0.9840	67.27
60.5	1,976,683	17,871	0.0090	0.9910	66.20
61.5	1,586,784	29,388	0.0185	0.9815	65.60
62.5	1,313,437	14,486	0.0110	0.9890	64.38
63.5	1,369,087	39,356	0.0287	0.9713	63.67
64.5	1,508,737	29,870	0.0198	0.9802	61.84
65.5	1,455,522	19,607	0.0135	0.9865	60.62
66.5	1,422,836	11,998	0.0084	0.9916	59.80
67.5	1,418,558	12,017	0.0085	0.9915	59.30
68.5	1,425,372	39,039	0.0274	0.9726	58.79
69.5	1,384,610	30,251	0.0218	0.9782	57.18
70.5	1,345,574	47,554	0.0353	0.9647	55.93
71.5	1,243,301	20,753	0.0167	0.9833	53.96
72.5	1,042,808	6,591	0.0063	0.9937	53.06
73.5	1,015,132	18,410	0.0181	0.9819	52.72
74.5	983,778	26,646	0.0271	0.9729	51.77
75.5	926,182	40,471	0.0437	0.9563	50.36
76.5	875,837	6,250	0.0071	0.9929	48.16
77.5	849,120	24,743	0.0291	0.9709	47.82
78.5	823,142	18,463	0.0224	0.9776	46.43

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 22.8 003 EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 EXPERIENCE BAND 1993-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	386,938	11,064	0.0286	0.9714	45.38
80.5	367,364	6,683	0.0182	0.9818	44.09
81.5	349,353	6,511	0.0186	0.9814	43.28
82.5	332,450	7,984	0.0240	0.9760	42.48
83.5	252,687	4,764	0.0189	0.9811	41.46
84.5	48,914	865	0.0177	0.9823	40.68
85.5	38,539	920	0.0239	0.9761	39.96
86.5	47,736	727	0.0152	0.9848	39.00
87.5	58,247	2,331	0.0400	0.9600	38.41
88.5	55,188	2,759	0.0500	0.9500	36.87
89.5	47,335	537	0.0114	0.9886	35.03
90.5	46,701	1,514	0.0324	0.9676	34.63
91.5	45,059	1	0.0000	1.0000	33.51
92.5	43,119		0.0000	1.0000	33.51
93.5	45,078	2,273	0.0504	0.9496	33.51
94.5	42,681	54	0.0013	0.9987	31.82
95.5	42,627	607	0.0142	0.9858	31.78
96.5	41,968	8,057	0.1920	0.8080	31.33
97.5	26,397	832	0.0315	0.9685	25.31
98.5	25,363		0.0000	1.0000	24.51
99.5	22,680	583	0.0257	0.9743	24.51
100.5	22,097		0.0000	1.0000	23.88
101.5	22,097	8,829	0.3996	0.6004	23.88
102.5	13,245	79	0.0060	0.9940	14.34
103.5	13,167	799	0.0607	0.9393	14.26
104.5	12,291	1,566	0.1274	0.8726	13.39
105.5	10,726		0.0000	1.0000	11.68
106.5	10,409	3,212	0.3086	0.6914	11.68
107.5	1,459		0.0000	1.0000	8.08
108.5	1,459		0.0000	1.0000	8.08
109.5	1,459		0.0000	1.0000	8.08
110.5	1,459		0.0000	1.0000	8.08
111.5	1,459	584	0.4000	0.6000	8.08
112.5	875		0.0000	1.0000	4.85
113.5					4.85
TOTAL	2,345,848,727	11,619,315			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 003 EXPERIENCE BAND 1993-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
77.3-S0	2.42	0 - 76	79.9-S0	2.22	32 - 76
72.8-S0.5	3.38	0 - 76	76.0-S0.5	2.09	32 - 76
69.4-S1	5.08	0 - 76	73.0-S1	3.22	32 - 76
67.1-S1.5	6.64	0 - 76	70.6-S1.5	4.85	32 - 76
85.4-R0.5	2.92	0 - 76	84.1-R0.5	3.61	32 - 76
76.2-R1	1.70	0 - 76	76.6-R1	2.19	32 - 76
70.9-R1.5	2.02	0 - 76	72.4-R1.5	1.53	32 - 76
67.2-R2	4.09	0 - 76	69.4-R2	3.02	32 - 76
96.8-L0	2.74	0 - 76	97.8-L0	3.61	32 - 76
87.8-L0.5	2.43	0 - 76	90.2-L0.5	2.70	32 - 76
80.9-L1	3.30	0 - 76	84.7-L1	2.38	32 - 76
75.9-L1.5	4.46	0 - 76	79.7-L1.5	2.91	32 - 76
98.1-O1	3.88	0 - 76	94.7-O1	4.65	32 - 76
110.3-O2	3.87	0 - 76	106.5-O2	4.65	32 - 76
156.5-O3	4.26	0 - 76		NOT FITTED	
200.2-O4	4.32	0 - 76		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

AVG AGE RET 22.6 | 004 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 2003-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	52,147,470	34,914	0.0007	0.9993	100.00
0.5	48,768,121	61,287	0.0013	0.9987	99.93
1.5	47,075,949	107,276	0.0023	0.9977	99.81
2.5	45,381,203	274,822	0.0061	0.9939	99.58
3.5	46,428,491	348,229	0.0075	0.9925	98.98
4.5	43,109,107	217,028	0.0050	0.9950	98.23
5.5	38,570,042	328,310	0.0085	0.9915	97.74
6.5	34,920,002	228,720	0.0065	0.9935	96.91
7.5	36,411,276	185,441	0.0051	0.9949	96.27
8.5	38,684,430	196,543	0.0051	0.9949	95.78
9.5	41,036,300	234,842	0.0057	0.9943	95.30
10.5	37,793,715	200,442	0.0053	0.9947	94.75
11.5	35,153,913	281,455	0.0080	0.9920	94.25
12.5	35,479,946	196,133	0.0055	0.9945	93.49
13.5	31,462,912	244,316	0.0078	0.9922	92.98
14.5	31,579,931	203,591	0.0064	0.9936	92.26
15.5	42,607,865	142,833	0.0034	0.9966	91.66
16.5	42,754,877	252,180	0.0059	0.9941	91.35
17.5	40,716,872	275,083	0.0068	0.9932	90.81
18.5	39,471,945	152,532	0.0039	0.9961	90.20
19.5	37,776,428	295,311	0.0078	0.9922	89.85
20.5	37,248,925	268,439	0.0072	0.9928	89.15
21.5	37,315,122	222,003	0.0059	0.9941	88.51
22.5	36,050,978	341,731	0.0095	0.9905	87.98
23.5	34,345,901	153,288	0.0045	0.9955	87.15
24.5	31,439,466	273,759	0.0087	0.9913	86.76
25.5	21,208,078	197,569	0.0093	0.9907	86.00
26.5	18,258,182	109,938	0.0060	0.9940	85.20
27.5	16,951,445	82,324	0.0049	0.9951	84.69
28.5	14,568,545	104,698	0.0072	0.9928	84.28
29.5	13,400,532	99,605	0.0074	0.9926	83.67
30.5	12,345,871	127,264	0.0103	0.9897	83.05
31.5	11,245,977	65,405	0.0058	0.9942	82.19
32.5	10,224,115	79,957	0.0078	0.9922	81.72
33.5	10,133,031	88,448	0.0087	0.9913	81.08
34.5	9,770,055	33,116	0.0034	0.9966	80.37
35.5	9,640,535	45,030	0.0047	0.9953	80.10
36.5	10,241,452	33,805	0.0033	0.9967	79.72
37.5	10,684,827	24,444	0.0023	0.9977	79.46
38.5	11,088,706	18,307	0.0017	0.9983	79.28

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 22.6 | 004 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 2003-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	11,303,391	42,163	0.0037	0.9963	79.15
40.5	10,526,905	24,713	0.0023	0.9977	78.85
41.5	10,060,524	39,862	0.0040	0.9960	78.67
42.5	9,895,964	26,787	0.0027	0.9973	78.35
43.5	9,161,562	36,592	0.0040	0.9960	78.14
44.5	9,193,431	26,421	0.0029	0.9971	77.83
45.5	9,782,155	72,534	0.0074	0.9926	77.61
46.5	9,052,782	38,287	0.0042	0.9958	77.03
47.5	8,619,189	36,432	0.0042	0.9958	76.70
48.5	7,987,573	20,405	0.0026	0.9974	76.38
49.5	7,568,332	45,062	0.0060	0.9940	76.19
50.5	7,083,779	74,724	0.0105	0.9895	75.73
51.5	6,697,662	35,113	0.0052	0.9948	74.93
52.5	6,164,678	74,290	0.0121	0.9879	74.54
53.5	5,344,846	65,309	0.0122	0.9878	73.64
54.5	4,279,904	31,493	0.0074	0.9926	72.74
55.5	3,125,382	33,814	0.0108	0.9892	72.21
56.5	2,475,383	58,380	0.0236	0.9764	71.43
57.5	1,995,892	32,817	0.0164	0.9836	69.74
58.5	1,591,446	82,984	0.0521	0.9479	68.59
59.5	1,148,634	25,528	0.0222	0.9778	65.02
60.5	985,264	12,724	0.0129	0.9871	63.57
61.5	657,482	21,206	0.0323	0.9677	62.75
62.5	625,020	12,842	0.0205	0.9795	60.73
63.5	539,280	18,974	0.0352	0.9648	59.48
64.5	461,911	9,078	0.0197	0.9803	57.39
65.5	456,527	15,326	0.0336	0.9664	56.26
66.5	418,559	3,576	0.0085	0.9915	54.37
67.5	431,898	4,097	0.0095	0.9905	53.91
68.5	427,199	17,664	0.0413	0.9587	53.40
69.5	902,395	14,191	0.0157	0.9843	51.19
70.5	888,868	22,219	0.0250	0.9750	50.38
71.5	826,948	10,116	0.0122	0.9878	49.12
72.5	657,493	714	0.0011	0.9989	48.52
73.5	733,163	8,824	0.0120	0.9880	48.47
74.5	926,521	22,023	0.0238	0.9762	47.89
75.5	884,106	38,351	0.0434	0.9566	46.75
76.5	851,464	5,583	0.0066	0.9934	44.72
77.5	831,058	24,184	0.0291	0.9709	44.43
78.5	808,284	18,255	0.0226	0.9774	43.13

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 22.6 | 004 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1899-2012 | | EXPERIENCE BAND 2003-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	370,240	11,053	0.0299	0.9701	42.16
80.5	351,125	5,972	0.0170	0.9830	40.90
81.5	334,109	5,654	0.0169	0.9831	40.21
82.5	319,912	7,814	0.0244	0.9756	39.52
83.5	240,320	4,605	0.0192	0.9808	38.56
84.5	36,417	651	0.0179	0.9821	37.82
85.5	26,256	690	0.0263	0.9737	37.14
86.5	13,677	540	0.0395	0.9605	36.17
87.5	14,800	1,830	0.1237	0.8763	34.74
88.5	12,443	512	0.0411	0.9589	30.44
89.5	13,465	0	0.0000	1.0000	29.19
90.5	13,368	161	0.0121	0.9879	29.19
91.5	13,079		0.0000	1.0000	28.84
92.5	11,162		0.0000	1.0000	28.84
93.5	11,162		0.0000	1.0000	28.84
94.5	11,113	54	0.0048	0.9952	28.84
95.5	11,060	33	0.0030	0.9970	28.70
96.5	30,791	7,789	0.2530	0.7470	28.62
97.5	24,438	832	0.0341	0.9659	21.38
98.5	23,404		0.0000	1.0000	20.65
99.5	20,721	162	0.0078	0.9922	20.65
100.5	20,559		0.0000	1.0000	20.49
101.5	20,559	8,829	0.4295	0.5705	20.49
102.5	11,707		0.0000	1.0000	11.69
103.5	13,167	799	0.0607	0.9393	11.69
104.5	12,291	1,566	0.1274	0.8726	10.98
105.5	10,726		0.0000	1.0000	9.58
106.5	10,409	3,212	0.3086	0.6914	9.58
107.5	1,459		0.0000	1.0000	6.62
108.5	1,459		0.0000	1.0000	6.62
109.5	1,459		0.0000	1.0000	6.62
110.5	1,459		0.0000	1.0000	6.62
111.5	1,459	584	0.4000	0.6000	6.62
112.5	875		0.0000	1.0000	3.97
113.5					3.97
TOTAL	1,361,876,041	8,097,417			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1899-2012 004 EXPERIENCE BAND 2003-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
70.9-S0	3.81	0 - 65	74.5-S0	3.27	27 - 65
66.1-S0.5	5.22	0 - 65	70.0-S0.5	4.33	27 - 65
62.5-S1	7.03	0 - 65	66.5-S1	5.85	27 - 65
60.0-S1.5	8.62	0 - 65	63.8-S1.5	7.43	27 - 65
80.1-R0.5	1.83	0 - 65	80.7-R0.5	2.33	27 - 65
70.2-R1	2.37	0 - 65	71.9-R1	2.51	27 - 65
64.5-R1.5	3.80	0 - 65	66.8-R1.5	3.53	27 - 65
60.4-R2	5.96	0 - 65	63.1-R2	5.33	27 - 65
90.3-L0	2.45	0 - 65	93.4-L0	2.59	27 - 65
81.0-L0.5	3.39	0 - 65	84.8-L0.5	3.10	27 - 65
73.9-L1	4.94	0 - 65	78.5-L1	4.15	27 - 65
68.6-L1.5	6.46	0 - 65	73.0-L1.5	5.52	27 - 65
93.3-O1	2.02	0 - 65	92.7-O1	2.61	27 - 65
104.9-O2	2.02	0 - 65	104.2-O2	2.61	27 - 65
149.8-O3	2.17	0 - 65	NOT FITTED		
200.2-O4	2.25	0 - 65	NOT FITTED		

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

INPUT CONTROL TOTALS THROUGH 2012

TRAN CODE	-------- TOTAL INPUT DATA -------- AGED	UNAGED	TOTAL
0	15,220,511.80-	0.00	15,220,511.80-
1	3,387.99-	0.00	3,387.99-
2	2,690.24-	0.00	2,690.24-
3	39,283.21-	0.00	39,283.21-
5	370,523.30	0.00	370,523.30
9	110,751,242.94	0.00	110,751,242.94
TOTAL DATA	95,855,893.00	0.00	95,855,893.00
8	95,861,712.15	0.00	95,861,712.15
TOTAL DATA LESS CD 8	5,819.15-	0.00	5,819.15-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

AVG AGE RET 17.4 | 001 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1913-2012 | | EXPERIENCE BAND 1973-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	104,968,267	633,401	0.0060	0.9940	100.00
0.5	99,020,600	322,577	0.0033	0.9967	99.40
1.5	94,309,502	370,476	0.0039	0.9961	99.07
2.5	90,551,029	405,063	0.0045	0.9955	98.68
3.5	85,912,343	519,195	0.0060	0.9940	98.24
4.5	82,148,620	752,298	0.0092	0.9908	97.65
5.5	78,661,758	519,770	0.0066	0.9934	96.75
6.5	75,650,516	519,083	0.0069	0.9931	96.11
7.5	72,790,301	463,226	0.0064	0.9936	95.46
8.5	69,220,277	460,589	0.0067	0.9933	94.85
9.5	65,896,649	476,038	0.0072	0.9928	94.22
10.5	62,713,034	485,201	0.0077	0.9923	93.54
11.5	59,414,611	498,657	0.0084	0.9916	92.81
12.5	55,499,246	481,457	0.0087	0.9913	92.03
13.5	51,988,665	600,516	0.0116	0.9884	91.24
14.5	47,822,435	487,872	0.0102	0.9898	90.18
15.5	43,616,566	457,713	0.0105	0.9895	89.26
16.5	39,454,739	434,460	0.0110	0.9890	88.32
17.5	35,356,245	358,997	0.0102	0.9898	87.35
18.5	31,356,405	397,463	0.0127	0.9873	86.47
19.5	27,746,264	340,014	0.0123	0.9877	85.37
20.5	24,609,902	338,483	0.0138	0.9862	84.32
21.5	21,931,068	200,174	0.0091	0.9909	83.16
22.5	19,474,001	195,880	0.0101	0.9899	82.40
23.5	16,765,925	219,983	0.0131	0.9869	81.58
24.5	15,180,068	218,839	0.0144	0.9856	80.50
25.5	13,605,318	152,239	0.0112	0.9888	79.34
26.5	12,339,400	146,059	0.0118	0.9882	78.46
27.5	11,102,907	127,761	0.0115	0.9885	77.53
28.5	10,131,280	127,669	0.0126	0.9874	76.64
29.5	9,352,304	138,137	0.0148	0.9852	75.67
30.5	8,453,684	158,955	0.0188	0.9812	74.55
31.5	7,578,475	155,177	0.0205	0.9795	73.15
32.5	6,795,416	265,432	0.0391	0.9609	71.65
33.5	5,893,804	282,897	0.0480	0.9520	68.85
34.5	5,170,471	215,859	0.0417	0.9583	65.55
35.5	4,623,845	223,581	0.0484	0.9516	62.81
36.5	4,237,628	183,079	0.0432	0.9568	59.78
37.5	3,972,932	227,053	0.0572	0.9428	57.19
38.5	3,645,849	213,745	0.0586	0.9414	53.92

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 17.4 | 001 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1913-2012 | | EXPERIENCE BAND 1973-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	3,319,701	271,541	0.0818	0.9182	50.76
40.5	2,768,377	186,781	0.0675	0.9325	46.61
41.5	2,412,166	76,268	0.0316	0.9684	43.47
42.5	2,174,636	56,610	0.0260	0.9740	42.09
43.5	1,969,339	50,595	0.0257	0.9743	41.00
44.5	1,712,563	47,318	0.0276	0.9724	39.94
45.5	1,504,040	45,392	0.0302	0.9698	38.84
46.5	1,360,627	43,281	0.0318	0.9682	37.67
47.5	1,156,337	32,373	0.0280	0.9720	36.47
48.5	978,651	32,877	0.0336	0.9664	35.45
49.5	840,720	51,663	0.0615	0.9385	34.26
50.5	690,126	45,398	0.0658	0.9342	32.15
51.5	552,309	37,883	0.0686	0.9314	30.04
52.5	431,263	43,822	0.1016	0.8984	27.98
53.5	303,197	7,637	0.0252	0.9748	25.13
54.5	234,663	14,026	0.0598	0.9402	24.50
55.5	161,031	4,531	0.0281	0.9719	23.04
56.5	108,101	5,125	0.0474	0.9526	22.39
57.5	55,704	6,202	0.1113	0.8887	21.33
58.5	21,854	3,186	0.1458	0.8542	18.95
59.5	22,888	1,330	0.0581	0.9419	16.19
60.5	21,558	450	0.0209	0.9791	15.25
61.5	21,108	5,728	0.2714	0.7286	14.93
62.5	15,379	12,804	0.8325	0.1675	10.88
63.5	1,698	672	0.3955	0.6045	1.82
64.5	436		0.0000	1.0000	1.10
65.5	436	8	0.0189	0.9811	1.10
66.5	314	16	0.0524	0.9476	1.08
67.5	235	33	0.1401	0.8599	1.02
68.5	202	33	0.1631	0.8369	0.88
69.5	169	58	0.3409	0.6591	0.74
70.5	111	25	0.2217	0.7783	0.49
71.5	87	33	0.3798	0.6202	0.38
72.5	54	16	0.3062	0.6938	0.23
73.5	37	8	0.2205	0.7795	0.16
74.5	29		0.0000	1.0000	0.13
75.5	29	8	0.2829	0.7171	0.13
76.5	21	8	0.3945	0.6055	0.09
77.5	13	13	1.0000		0.06
78.5					
TOTAL	1,601,802,556	14,858,820			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1913-2012 001 EXPERIENCE BAND 1973-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
41.8-S0	3.46	0 - 49	42.1-S0	4.51	20 - 49
40.3-S0.5	2.73	0 - 49	41.1-S0.5	3.05	20 - 49
39.1-S1	3.62	0 - 49	40.4-S1	2.56	20 - 49
38.3-S1.5	5.12	0 - 49	39.7-S1.5	3.64	20 - 49
44.1-R0.5	5.66	0 - 49	42.5-R0.5	6.24	20 - 49
41.0-R1	3.47	0 - 49	40.5-R1	4.12	20 - 49
39.4-R1.5	1.92	0 - 49	39.5-R1.5	2.47	20 - 49
38.2-R2	3.13	0 - 49	38.9-R2	2.89	20 - 49
37.5-R2.5	5.65	0 - 49	38.5-R2.5	5.23	20 - 49
50.0-L0	5.80	0 - 49	48.7-L0	7.07	20 - 49
46.6-L0.5	4.48	0 - 49	46.5-L0.5	5.77	20 - 49
43.9-L1	3.69	0 - 49	44.8-L1	4.60	20 - 49
42.1-L1.5	3.37	0 - 49	43.4-L1.5	3.10	20 - 49
40.6-L2	4.76	0 - 49	42.3-L2	3.28	20 - 49
39.5-L2.5	6.14	0 - 49	41.2-L2.5	4.69	20 - 49
48.7-O1	7.41	0 - 49	45.5-O1	8.12	20 - 49
54.7-O2	7.40	0 - 49	51.1-O2	8.12	20 - 49
75.8-O3	8.28	0 - 49	69.2-O3	9.27	20 - 49
99.8-O4	8.69	0 - 49		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

AVG AGE RET 17.2 | 002 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1916-2012 | | EXPERIENCE BAND 1983-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	99,591,978	633,401	0.0064	0.9936	100.00
0.5	94,109,119	321,723	0.0034	0.9966	99.36
1.5	89,956,044	369,344	0.0041	0.9959	99.02
2.5	86,678,761	403,657	0.0047	0.9953	98.62
3.5	82,536,066	513,831	0.0062	0.9938	98.16
4.5	78,962,405	747,429	0.0095	0.9905	97.55
5.5	75,603,608	509,314	0.0067	0.9933	96.62
6.5	72,581,356	512,343	0.0071	0.9929	95.97
7.5	69,528,504	449,224	0.0065	0.9935	95.30
8.5	65,847,843	445,668	0.0068	0.9932	94.68
9.5	62,507,287	461,822	0.0074	0.9926	94.04
10.5	59,583,395	471,185	0.0079	0.9921	93.34
11.5	56,506,145	495,763	0.0088	0.9912	92.61
12.5	52,749,085	473,487	0.0090	0.9910	91.79
13.5	49,372,864	599,393	0.0121	0.9879	90.97
14.5	45,411,456	487,175	0.0107	0.9893	89.87
15.5	41,350,866	454,921	0.0110	0.9890	88.90
16.5	37,257,754	427,572	0.0115	0.9885	87.92
17.5	33,360,041	352,980	0.0106	0.9894	86.91
18.5	29,560,104	391,374	0.0132	0.9868	85.99
19.5	26,089,087	333,894	0.0128	0.9872	84.86
20.5	23,094,717	330,826	0.0143	0.9857	83.77
21.5	20,551,575	189,406	0.0092	0.9908	82.57
22.5	18,224,333	187,360	0.0103	0.9897	81.81
23.5	15,670,207	211,635	0.0135	0.9865	80.97
24.5	14,196,729	208,879	0.0147	0.9853	79.87
25.5	12,746,290	144,691	0.0114	0.9886	78.70
26.5	11,633,135	136,357	0.0117	0.9883	77.81
27.5	10,525,830	120,463	0.0114	0.9886	76.89
28.5	9,649,457	121,864	0.0126	0.9874	76.01
29.5	8,956,615	133,680	0.0149	0.9851	75.05
30.5	8,122,490	153,272	0.0189	0.9811	73.93
31.5	7,288,592	143,331	0.0197	0.9803	72.54
32.5	6,561,248	259,231	0.0395	0.9605	71.11
33.5	5,640,334	272,259	0.0483	0.9517	68.30
34.5	4,971,174	205,061	0.0412	0.9588	65.01
35.5	4,463,055	219,256	0.0491	0.9509	62.32
36.5	4,101,722	158,271	0.0386	0.9614	59.26
37.5	3,867,505	219,493	0.0568	0.9432	56.98
38.5	3,551,474	207,179	0.0583	0.9417	53.74

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 17.2 002 EXPERIENCE ANALYSIS
PLACEMENT BAND 1916-2012 EXPERIENCE BAND 1983-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	3,232,864	255,376	0.0790	0.9210	50.61
40.5	2,701,419	174,696	0.0647	0.9353	46.61
41.5	2,360,143	67,089	0.0284	0.9716	43.60
42.5	2,134,880	50,189	0.0235	0.9765	42.36
43.5	1,965,138	50,569	0.0257	0.9743	41.36
44.5	1,708,966	46,907	0.0274	0.9726	40.30
45.5	1,501,416	44,239	0.0295	0.9705	39.19
46.5	1,342,932	42,635	0.0317	0.9683	38.04
47.5	1,135,728	31,403	0.0277	0.9723	36.83
48.5	958,797	32,122	0.0335	0.9665	35.81
49.5	821,387	45,437	0.0553	0.9447	34.61
50.5	674,980	41,841	0.0620	0.9380	32.70
51.5	540,432	37,502	0.0694	0.9306	30.67
52.5	418,821	33,355	0.0796	0.9204	28.54
53.5	301,164	7,407	0.0246	0.9754	26.27
54.5	232,788	13,252	0.0569	0.9431	25.62
55.5	159,905	4,448	0.0278	0.9722	24.16
56.5	106,999	4,979	0.0465	0.9535	23.49
57.5	54,741	5,996	0.1095	0.8905	22.40
58.5	21,116	3,058	0.1448	0.8552	19.94
59.5	17,384	1,273	0.0732	0.9268	17.06
60.5	16,193	420	0.0260	0.9740	15.81
61.5	15,847	661	0.0417	0.9583	15.40
62.5	15,301	12,771	0.8346	0.1654	14.75
63.5	1,652	639	0.3864	0.6136	2.44
64.5	423		0.0000	1.0000	1.50
65.5	423	8	0.0195	0.9805	1.50
66.5	314	16	0.0524	0.9476	1.47
67.5	235	33	0.1401	0.8599	1.39
68.5	202	33	0.1631	0.8369	1.20
69.5	169	58	0.3409	0.6591	1.00
70.5	111	25	0.2217	0.7783	0.66
71.5	87	33	0.3798	0.6202	0.51
72.5	54	16	0.3062	0.6938	0.32
73.5	37	8	0.2205	0.7795	0.22
74.5	29		0.0000	1.0000	0.17
75.5	29	8	0.2829	0.7171	0.17
76.5	21	8	0.3945	0.6055	0.12
77.5	13	13	1.0000		0.07
78.5					
TOTAL	1,525,403,390	14,486,537			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1916-2012 002 EXPERIENCE BAND 1983-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
41.5-S0	3.14	0 - 49	41.9-S0	4.02	19 - 49
40.1-S0.5	2.64	0 - 49	40.9-S0.5	2.72	19 - 49
38.9-S1	3.81	0 - 49	40.1-S1	2.73	19 - 49
38.2-S1.5	5.36	0 - 49	39.5-S1.5	4.15	19 - 49
43.8-R0.5	5.28	0 - 49	42.3-R0.5	5.75	19 - 49
40.7-R1	3.07	0 - 49	40.3-R1	3.63	19 - 49
39.1-R1.5	1.83	0 - 49	39.4-R1.5	2.26	19 - 49
38.0-R2	3.47	0 - 49	38.7-R2	3.24	19 - 49
37.4-R2.5	6.00	0 - 49	38.3-R2.5	5.79	19 - 49
49.5-L0	5.42	0 - 49	48.6-L0	6.59	19 - 49
46.2-L0.5	4.13	0 - 49	46.3-L0.5	5.27	19 - 49
43.6-L1	3.45	0 - 49	44.5-L1	4.13	19 - 49
41.8-L1.5	3.42	0 - 49	43.1-L1.5	2.92	19 - 49
40.4-L2	4.96	0 - 49	42.0-L2	3.66	19 - 49
39.3-L2.5	6.47	0 - 49	40.9-L2.5	5.32	19 - 49
48.2-O1	7.03	0 - 49	45.4-O1	7.67	19 - 49
54.2-O2	7.03	0 - 49	51.0-O2	7.67	19 - 49
74.9-O3	7.92	0 - 49	69.2-O3	8.84	19 - 49
98.7-O4	8.36	0 - 49		NOT FITTED	

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

AVG AGE RET 16.5 003 EXPERIENCE ANALYSIS
PLACEMENT BAND 1916-2012 EXPERIENCE BAND 1993-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	78,008,612	633,401	0.0081	0.9919	100.00
0.5	74,986,612	321,723	0.0043	0.9957	99.19
1.5	73,006,278	365,910	0.0050	0.9950	98.76
2.5	72,321,947	400,434	0.0055	0.9945	98.27
3.5	71,143,950	507,859	0.0071	0.9929	97.72
4.5	68,648,659	746,614	0.0109	0.9891	97.03
5.5	66,467,691	505,058	0.0076	0.9924	95.97
6.5	64,581,110	504,321	0.0078	0.9922	95.24
7.5	62,709,522	448,309	0.0071	0.9929	94.50
8.5	59,874,519	444,631	0.0074	0.9926	93.82
9.5	57,133,141	458,950	0.0080	0.9920	93.13
10.5	54,684,060	470,607	0.0086	0.9914	92.38
11.5	52,171,359	494,328	0.0095	0.9905	91.58
12.5	48,910,786	469,016	0.0096	0.9904	90.71
13.5	46,080,206	594,364	0.0129	0.9871	89.84
14.5	42,311,828	482,677	0.0114	0.9886	88.69
15.5	38,386,420	447,037	0.0116	0.9884	87.67
16.5	34,279,555	420,175	0.0123	0.9877	86.65
17.5	30,194,078	347,565	0.0115	0.9885	85.59
18.5	26,275,305	384,578	0.0146	0.9854	84.61
19.5	22,779,012	326,778	0.0143	0.9857	83.37
20.5	20,036,793	323,254	0.0161	0.9839	82.17
21.5	17,693,345	185,526	0.0105	0.9895	80.85
22.5	15,512,692	183,155	0.0118	0.9882	80.00
23.5	13,080,294	207,758	0.0159	0.9841	79.05
24.5	11,820,179	202,352	0.0171	0.9829	77.80
25.5	10,533,991	137,520	0.0131	0.9869	76.47
26.5	9,500,700	129,740	0.0137	0.9863	75.47
27.5	8,602,791	111,795	0.0130	0.9870	74.44
28.5	7,936,640	112,714	0.0142	0.9858	73.47
29.5	7,389,728	122,437	0.0166	0.9834	72.43
30.5	6,704,553	134,542	0.0201	0.9799	71.23
31.5	6,016,477	111,088	0.0185	0.9815	69.80
32.5	5,433,840	166,437	0.0306	0.9694	68.51
33.5	4,720,064	213,414	0.0452	0.9548	66.41
34.5	4,180,980	154,806	0.0370	0.9630	63.41
35.5	3,800,686	166,187	0.0437	0.9563	61.06
36.5	3,593,539	137,035	0.0381	0.9619	58.39
37.5	3,461,833	174,779	0.0505	0.9495	56.16
38.5	3,250,105	166,306	0.0512	0.9488	53.33

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 16.5 003 EXPERIENCE ANALYSIS
PLACEMENT BAND 1916-2012 EXPERIENCE BAND 1993-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	3,020,993	216,541	0.0717	0.9283	50.60
40.5	2,560,549	167,587	0.0654	0.9346	46.97
41.5	2,260,143	57,658	0.0255	0.9745	43.90
42.5	2,078,330	45,294	0.0218	0.9782	42.78
43.5	1,909,876	42,641	0.0223	0.9777	41.85
44.5	1,669,627	41,875	0.0251	0.9749	40.91
45.5	1,469,404	31,948	0.0217	0.9783	39.89
46.5	1,325,589	38,267	0.0289	0.9711	39.02
47.5	1,123,312	29,930	0.0266	0.9734	37.89
48.5	948,567	31,486	0.0332	0.9668	36.88
49.5	811,882	44,270	0.0545	0.9455	35.66
50.5	666,951	41,449	0.0621	0.9379	33.71
51.5	533,828	36,885	0.0691	0.9309	31.62
52.5	413,689	32,976	0.0797	0.9203	29.43
53.5	300,977	7,313	0.0243	0.9757	27.09
54.5	232,730	13,252	0.0569	0.9431	26.43
55.5	159,807	4,432	0.0277	0.9723	24.92
56.5	106,933	4,979	0.0466	0.9534	24.23
57.5	54,634	5,980	0.1094	0.8906	23.10
58.5	20,984	3,058	0.1457	0.8543	20.58
59.5	17,211	1,256	0.0730	0.9270	17.58
60.5	15,954	388	0.0243	0.9757	16.29
61.5	15,567	628	0.0404	0.9596	15.90
62.5	14,939	12,730	0.8521	0.1479	15.26
63.5	1,356	565	0.4163	0.5837	2.26
64.5	201		0.0000	1.0000	1.32
65.5	226		0.0000	1.0000	1.32
66.5	112		0.0000	1.0000	1.32
67.5	74	33	0.4443	0.5557	1.32
68.5	66	25	0.3751	0.6249	0.73
69.5	66	41	0.6250	0.3750	0.46
70.5	49	25	0.4999	0.5001	0.17
71.5	49	25	0.5002	0.4998	0.09
72.5	41	16	0.4001	0.5999	0.04
73.5	25	8	0.3333	0.6667	0.03
74.5	16		0.0000	1.0000	0.02
75.5	16	8	0.5000	0.5000	0.02
76.5	21	8	0.3945	0.6055	0.01
77.5	13	13	1.0000		0.01
78.5					
TOTAL	1,329,958,687	13,828,770			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1916-2012 003 EXPERIENCE BAND 1993-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
40.5-S0	2.22	0 - 51	41.0-S0	2.50	18 - 51
39.4-S0.5	2.89	0 - 51	40.3-S0.5	2.25	18 - 51
38.4-S1	4.87	0 - 51	39.7-S1	3.73	18 - 51
37.9-S1.5	6.78	0 - 51	39.2-S1.5	5.92	18 - 51
42.1-R0.5	3.80	0 - 51	41.3-R0.5	4.09	18 - 51
39.7-R1	1.81	0 - 51	39.7-R1	2.24	18 - 51
38.6-R1.5	2.63	0 - 51	39.0-R1.5	2.81	18 - 51
37.7-R2	5.22	0 - 51	38.5-R2	5.14	18 - 51
47.4-L0	4.28	0 - 51	47.0-L0	5.14	18 - 51
44.7-L0.5	3.05	0 - 51	45.0-L0.5	3.76	18 - 51
42.5-L1	2.86	0 - 51	43.5-L1	2.79	18 - 51
41.1-L1.5	3.70	0 - 51	42.3-L1.5	2.75	18 - 51
39.9-L2	5.75	0 - 51	41.4-L2	4.64	18 - 51
45.6-O1	5.85	0 - 51	43.7-O1	6.21	18 - 51
51.3-O2	5.86	0 - 51	49.2-O2	6.25	18 - 51
70.1-O3	7.06	0 - 51	65.9-O3	7.70	18 - 51
91.6-O4	7.61	0 - 51	85.1-O4	8.39	18 - 51

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

AVG AGE RET 18.3
PLACEMENT BAND 1945-2012

004

EXPERIENCE ANALYSIS
EXPERIENCE BAND 2003-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	38,463,988	111,880	0.0029	0.9971	100.00
0.5	35,700,128	115,201	0.0032	0.9968	99.71
1.5	33,969,545	120,327	0.0035	0.9965	99.39
2.5	33,930,552	162,828	0.0048	0.9952	99.04
3.5	32,616,995	180,035	0.0055	0.9945	98.56
4.5	32,751,388	184,182	0.0056	0.9944	98.02
5.5	33,690,091	246,144	0.0073	0.9927	97.46
6.5	34,838,503	209,937	0.0060	0.9940	96.75
7.5	36,053,379	216,760	0.0060	0.9940	96.17
8.5	36,512,514	235,396	0.0064	0.9936	95.59
9.5	36,810,034	256,805	0.0070	0.9930	94.98
10.5	36,832,697	247,891	0.0067	0.9933	94.31
11.5	36,485,517	278,532	0.0076	0.9924	93.68
12.5	35,715,755	371,056	0.0104	0.9896	92.96
13.5	34,987,473	520,825	0.0149	0.9851	92.00
14.5	32,291,865	384,989	0.0119	0.9881	90.63
15.5	29,540,490	365,019	0.0124	0.9876	89.55
16.5	26,545,877	346,460	0.0131	0.9869	88.44
17.5	23,629,166	281,987	0.0119	0.9881	87.29
18.5	20,545,459	318,623	0.0155	0.9845	86.24
19.5	17,657,082	243,737	0.0138	0.9862	84.91
20.5	15,401,579	269,334	0.0175	0.9825	83.74
21.5	13,589,974	129,372	0.0095	0.9905	82.27
22.5	11,882,870	113,152	0.0095	0.9905	81.49
23.5	10,006,387	121,497	0.0121	0.9879	80.71
24.5	8,969,770	113,026	0.0126	0.9874	79.73
25.5	7,854,883	88,724	0.0113	0.9887	78.73
26.5	6,815,034	79,743	0.0117	0.9883	77.84
27.5	5,745,941	68,796	0.0120	0.9880	76.93
28.5	4,972,761	69,993	0.0141	0.9859	76.01
29.5	4,413,494	66,647	0.0151	0.9849	74.94
30.5	3,977,408	76,968	0.0194	0.9806	73.80
31.5	3,467,941	61,612	0.0178	0.9822	72.38
32.5	2,976,276	63,019	0.0212	0.9788	71.09
33.5	2,404,785	50,995	0.0212	0.9788	69.59
34.5	2,236,165	42,162	0.0189	0.9811	68.11
35.5	2,123,964	74,105	0.0349	0.9651	66.83
36.5	2,079,816	58,361	0.0281	0.9719	64.49
37.5	2,207,501	135,643	0.0614	0.9386	62.68
38.5	2,139,485	134,987	0.0631	0.9369	58.83

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

AVG AGE RET 18.3 | 004 | EXPERIENCE ANALYSIS
PLACEMENT BAND 1945-2012 | | EXPERIENCE BAND 2003-2012

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	2,008,640	162,719	0.0810	0.9190	55.12
40.5	1,685,902	120,896	0.0717	0.9283	50.66
41.5	1,505,249	27,969	0.0186	0.9814	47.02
42.5	1,417,322	17,698	0.0125	0.9875	46.15
43.5	1,358,197	18,477	0.0136	0.9864	45.57
44.5	1,209,259	15,863	0.0131	0.9869	44.95
45.5	1,110,303	16,641	0.0150	0.9850	44.36
46.5	1,039,468	22,847	0.0220	0.9780	43.70
47.5	906,672	16,321	0.0180	0.9820	42.74
48.5	783,936	22,157	0.0283	0.9717	41.97
49.5	684,316	36,563	0.0534	0.9466	40.78
50.5	571,773	34,291	0.0600	0.9400	38.60
51.5	468,736	28,921	0.0617	0.9383	36.29
52.5	379,557	27,497	0.0724	0.9276	34.05
53.5	282,451	4,102	0.0145	0.9855	31.58
54.5	221,944	9,389	0.0423	0.9577	31.12
55.5	153,086	3,168	0.0207	0.9793	29.81
56.5	102,544	3,619	0.0353	0.9647	29.19
57.5	51,756	4,581	0.0885	0.9115	28.16
58.5	19,505	1,867	0.0957	0.9043	25.67
59.5	16,922	1,227	0.0725	0.9275	23.21
60.5	15,696	345	0.0220	0.9780	21.53
61.5	15,351	601	0.0392	0.9608	21.06
62.5	14,750	12,560	0.8516	0.1484	20.23
63.5	1,312	545	0.4155	0.5845	3.00
64.5	176		0.0000	1.0000	1.76
65.5	176		0.0000	1.0000	1.76
66.5	63		0.0000	1.0000	1.76
67.5					1.76
TOTAL	808,859,594	7,827,614			

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF CURVE FITTING RESULTS - PCT SURV BALANCED AREAS

PLACEMENT BAND 1945-2012 004 EXPERIENCE BAND 2003-2012

SURVIVOR CURVE	RESID MEAS	RANGE OF FIT	SURVIVOR CURVE	RESID MEAS	RANGE OF FIT*
43.5-S0	2.27	0 - 53	43.7-S0	2.83	19 - 53
42.1-S0.5	2.55	0 - 53	42.8-S0.5	2.52	19 - 53
41.0-S1	4.32	0 - 53	42.1-S1	3.80	19 - 53
40.3-S1.5	6.26	0 - 53	41.5-S1.5	5.86	19 - 53
45.5-R0.5	4.38	0 - 53	44.1-R0.5	4.37	19 - 53
42.6-R1	2.38	0 - 53	42.2-R1	2.64	19 - 53
41.2-R1.5	2.46	0 - 53	41.3-R1.5	2.98	19 - 53
40.1-R2	4.74	0 - 53	40.7-R2	5.09	19 - 53
51.4-L0	4.53	0 - 53	50.4-L0	5.24	19 - 53
48.2-L0.5	3.17	0 - 53	48.1-L0.5	3.92	19 - 53
45.7-L1	2.63	0 - 53	46.4-L1	3.01	19 - 53
44.0-L1.5	3.26	0 - 53	45.0-L1.5	2.91	19 - 53
42.6-L2	5.26	0 - 53	43.9-L2	4.70	19 - 53
49.7-O1	6.25	0 - 53	47.0-O1	6.33	19 - 53
55.9-O2	6.25	0 - 53	52.8-O2	6.34	19 - 53
76.9-O3	7.27	0 - 53	71.2-O3	7.64	19 - 53
100.9-O4	7.76	0 - 53	92.3-O4	8.26	19 - 53

* SEGMENT BETWEEN 85.0 AND 15.0 PERCENT SURVIVING

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

83. Would Mr. Spanos agree/disagree with the following statements?

    a. A rolling–band analysis is where a year of retirement experience is added to each successive retirement band and the earliest year from the preceding band is dropped.

    b. A shrinking–band analysis begins with the total retirement experience available and the earliest year from the preceding band is dropped for each successive band.

    c. A progressive–band analysis adds a year of retirement activity to a previous band without dropping earlier years from the analysis.

    d. Rolling, shrinking and progressive band analyses are used to detect the emergence of trends in the behavior of the dispersion and projection life.

Response:

a. Generally speaking, Mr. Spanos agrees with the statement.

b. Generally speaking, Mr. Spanos agrees with the statement.

c. Generally speaking, Mr. Spanos agrees with the statement.

d. Rolling, shrinking and progressive band analyses can assist in determining trends in life characteristics, but these are not always required due to advanced software analyses.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

84. If Mr. Spanos disagrees with any of the above statements, please provide a full explanation as to why.

Response:

Mr. Spanos does not disagree with any of the statements made in AG DR Set 1-083.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

85. Please provide the input data for each separate life and salvage analysis on disk in Excel format. Please provide a listing of any codes used in the Company's accounting system with a description of what they mean and how are they used.

Response:

Please refer to the response to AG DR Set 1-103.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

86. Please provide a complete copy of the most recent industry surveys associated with depreciation statistics in the possession of the Company and/or its outside consultant who performed the depreciation study.

Response:

There are no industry surveys associated with depreciation statistics in the possession of the Company and/or its outside consultant who performed the depreciation study.

However, the attached file, Attachment A, sets forth the industry statistics that Gannett Fleming considered based on studies performed by Gannett Fleming.

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION / CLIENT:	Company1		Company2		Company3		Company4		Company5		Company6	
		SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %
374.0	LAND AND LAND RIGHTS												
	MAINS												
	LAND RIGHTS					70 - R4	0			65 - R4	0	70 - R4	0
	RIGHTS OF WAY												
375.0	STRUCTURES AND IMPROVEMENTS	50 - R1	(10)	40 - S1	0	50 - R2.5	(10)	40 - R2	0	50 - R3	0	45 - R2	0
	LEASEHOLD												
	OTHER												
	INDUS MEAS												
	MEAS & REG												
	MAJOR												
	CITY GATE												
	DISTRIBUTION SYSTEM STRUCTURES												
	COMMUNICATION STRUCTURES												
	GARAGE												
376.0	MAINS	53 - R1.5	(35)	58 - S2	(30)	55 - R1	(15)	50 - R3	(10)				
	CATHODIC PROTECTION									65 - R2.5	0	55 - R3	0
	CATHODIC TEST STATIONS												
	CAST IRON												
	HP 4" AND LESS												
	VALVES												
	PLASTIC					55 - R1	(15)			60 - R2.5	(25)	50 - R3	(25)
	STEEL					55 - R1	(15)			67 - R1.5	(25)	69 - R2	(30)
	LP 4" AND LESS												
	STEEL WRAP												
	TUNNELS												
	WROUGHT IRON												
378.0	MEASURING & REGULATING STATION EQUIPMENT	35 - L2	(10)	32 - S1.5	(10)	32 - R0.5	(15)	45 - R1.5	(3)				
	GENERAL									55 - R3	(10)	40 - R4	(15)
	ODORIZATION												
	REGULATING STATION EQUIPMENT												
	REGULATING STATION EQUIPMENT - SUPERVISORY												
	EXCL ELEC EQUIP												
	ELEC EQUIP												
	SCADA												
379.0	MEAS. & REG EQUIPMENT CITY GATE	35 - S0	(10)	16 - S2.5	(10)	35 - R1.5	(5)	45 - R1.5	0	40 - R2.5	(10)	45 - S2	(10)
	COMPRESSOR STATION EQUIPMENT												
380.0	SERVICES	41 - R1.5	(70)	38 - R4	(80)			37 - R2.5	(10)	50 - R0.5	(75)	28 - L0.5	(25)
	ALL PRESSURES												
	LOW PRESSURE												
	REGULATED PRESSURE												
	SPECIAL SERVICES												
	STEEL AND COPPER					45 - R1.5	(40)						
	CAST IRON, COPPER, AND VALVES												
	STEEL												
	PLASTIC					50 - R2	(15)						
381.0	METERS	22 - O1	(20)	28 - R2	(50)	26 - R1	0	35 - R1.5	0	25 - S0	(5)	26 - S0.5	(15)
	HEXAGRAM												
	RECORDING GAUGES												
	ELECTRIC												
	TELEMETRY EQUIPMENT												
	TRANSPONDERS												
	AMR												
	METER MODULES												
382.0	METER AND REGULATOR INSTALLATION									20 - O1	(20)	20 - L1.5	(20)
	METER INSTALLATIONS - ELECTRIC												
383.0	HOUSE REGULATORS	41 - R3	(15)	32 - L3	(15)	29 - R0.5	5	45 - R3	(5)	35 - S2.5	(10)	45 - S3	0
384.0	HOUSE REGULATORS - INSTALL											35 - R3	0
385.0	INDUSTRIAL M&R STA EQUIPMENT	32 - R2	(5)	15 - S0.5	0			30 - R1	0	35 - R2.5	(5)	35 - R2.5	0
	TELEMETERING												
	COMM.												
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES												
391.0	OFFICE FURNITURE AND EQUIPMENT	20 - SQ	0					15 - SQ	0	20 - SQ	0	20 - SQ	0
	COMPUTER EQUIPMENT	5 - SQ	0					5 - SQ	0				
	FURNITURE												
	EQUIPMENT												
	INFO SYSTEM												
	MAINFRAME HARDWARE												
	SOFTWARE												
	OFFICE MACHINES												
	REMOTE METER READING EQUIPMENT												
	EDP COMPONENTS												
	EDP EQUIPMENT												
	DATA HANDLING												
392.0	TRANSPORTATION EQUIPMENT	11 - S3	10			8 - L1	5	11 - R1	10	7 - S2.5	10	8 - L2.5	5
	CNG TANKS												
	GENERAL												
	TRUCKS					13 - R0.5	5						
	NGV KITS												
	TRUCKS			11 - L4	5								
	TRAILERS					21 - S2.5	5						
	LIGHT TRUCKS												
	CARS AND LIGHT TRUCKS												
	HEAVY TRUCKS AND OTHER												
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	25 - SQ	0	25 - SQ	0	25 - SQ	0	20 - SQ	0	25 - SQ	0	25 - SQ	0
	NGV COMPR												
	CNG EQUIPMENT												
	SHOP EQU												
395.0	LABORATORY EQUIPMENT	15 - SQ	0	15 - SQ	0	15 - SQ	0	20 - SQ	0			20 - SQ	0
396.0	POWER OPERATED EQUIPMENT	19 - S1.5	10			18 - L1	10	18 - S3	10	15 - L3	5	13 - L0.5	5
	NON SPECIFIC												
	DITCHERS									20 - S4	5	14 - S0.5	5
	BACKHOES									9 - S1	5	8 - L1	5
	WELDERS									12 - L3	5		
	SMALL MACHINERY												
	OTHER												
	LARGE MACHINERY												
398.0	MISCELLANEOUS EQUIPMENT	10 - SQ	0							20 - SQ	0	20 - SQ	0
	PRINT SHOP/KITCHEN												
	OTHER												

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION	CLIENT.	Company7		Company8		Company9		Company10		Company11		Company12	
			SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %
374.0	LAND AND LAND RIGHTS		50 - R3	0										
	MAINS													
	LAND RIGHTS						75 - R3	0					70 - R3	0
	RIGHTS OF WAY													
375.0	STRUCTURES AND IMPROVEMENTS		50 - R2.5	0									40 - R2	(5)
	LEASEHOLD													
	OTHER						33 - S0.5	0						
	INDUS MEAS						55 - R3	0						
	MEAS & REG						60 - R3	0					45 - R2	0
	MAJOR													
	CITY GATE													
	DISTRIBUTION SYSTEM STRUCTURES													
	COMMUNICATION STRUCTURES													
	GARAGE													
376.0	MAINS		55 - R2.5	(30)			60 - R3	(200)					55 - S0.5	(100)
	CATHODIC PROTECTION													
	CATHODIC TEST STATIONS													
	CAST IRON													
	HP 4" AND LESS													
	VALVES													
	PLASTIC													
	STEEL													
	LP 4" AND LESS													
	STEEL WRAP													
	TUNNELS													
	WROUGHT IRON													
378.0	MEASURING & REGULATING STATION EQUIPMENT						55 - R2.5	(75)					42 - R1.5	(40)
	GENERAL		35 - R1.5	(15)										
	ODORIZATION													
	REGULATING STATION EQUIPMENT													
	REGULATING STATION EQUIPMENT - SUPERVISORY													
	EXCL ELEC EQUIP													
	ELEC EQUIP													
	SCADA													
379.0	MEAS. & REG EQUIPMENT CITY GATE						60 - R4	0					42 - R1.5	(40)
	COMPRESSOR STATION EQUIPMENT		40 - S0.5	(15)										
380.0	SERVICES		45 - R2.5	(20)			48 - R2.5	(250)					52 - R2	(200)
	ALL PRESSURES													
	LOW PRESSURE													
	REGULATED PRESSURE													
	SPECIAL SERVICES													
	STEEL AND COPPER													
	CAST IRON, COPPER, AND VALVES													
	STEEL													
	PLASTIC													
381.0	METERS		36 - R1.5	(2)			32 - R3	0					30 - R4	0
	HEXAGRAM													
	RECORDING GAUGES													
	ELECTRIC													
	TELEMETRY EQUIPMENT													
	TRANSPONDERS													
	AMR													
	METER MODULES													
382.0	METER AND REGULATOR INSTALLATION						45 - S1	(20)					34 - R3	(60)
	METER INSTALLATIONS - ELECTRIC													
383.0	HOUSE REGULATORS						26 - R4	0					30 - S3	0
384.0	HOUSE REGULATORS - INSTALL													
385.0	INDUSTRIAL M&R STA EQUIPMENT		50 - R2	(15)			52 - R2	0					42 - R1.5	(40)
	TELEMETERING													
	COMM.													
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES													
391.0	OFFICE FURNITURE AND EQUIPMENT		15 - SQ	0	20 - SQ	0								
	COMPUTER EQUIPMENT		5 - SQ	0			5 - SQ	0						
	FURNITURE						20 - SQ	0	13 - R3					
	EQUIPMENT													
	INFO SYSTEM								5 - S5		6 - L2.5	0		
	MAINFRAME HARDWARE													
	SOFTWARE													
	OFFICE MACHINES													
	REMOTE METER READING EQUIPMENT													
	EDP COMPONENTS				7 - SQ	0								
	EDP EQUIPMENT				5 - SQ	0								
	DATA HANDLING													
392.0	TRANSPORTATION EQUIPMENT		15 - L2.5	10			7.5 - L1.5	10	5 - S2		4 - S2.5	0	8 - L1	25
	CNG TANKS													
	GENERAL													
	TRUCKS								12 - L2					
	NGV KITS													
	TRUCKS													
	TRAILERS													
	LIGHT TRUCKS													
	CARS AND LIGHT TRUCKS													
	HEAVY TRUCKS AND OTHER													
394.0	TOOLS SHOP AND GARAGE EQUIPMENT		20 - SQ	0	20 - SQ	0	20 - SQ	0						
	NGV COMPR													
	CNG EQUIPMENT													
	SHOP EQU													
395.0	LABORATORY EQUIPMENT		15 - SQ	0	20 - SQ	0								
396.0	POWER OPERATED EQUIPMENT		16 - S0.5	20			11 - L0.5	10	14 - R4				11 - L0.5	30
	NON SPECIFIC													
	DITCHERS													
	BACKHOES													
	WELDERS													
	SMALL MACHINERY													
	OTHER													
	LARGE MACHINERY													
398.0	MISCELLANEOUS EQUIPMENT		10 - SQ	0	20 - SQ	0	15 - SQ	0						
	PRINT SHOP/KITCHEN													
	OTHER													

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	CLIENT: DESCRIPTION	Company13 SURVIVOR CURVE	Company13 NET SALV %	Company14 SURVIVOR CURVE	Company14 NET SALV %	Company15 SURVIVOR CURVE	Company15 NET SALV %	Company16 SURVIVOR CURVE	Company16 NET SALV %	Company17 SURVIVOR CURVE	Company17 NET SALV %
374.0	LAND AND LAND RIGHTS										
	MAINS							70 - R3	0		
	LAND RIGHTS			75 - R3	0	75 - R3	0				
	RIGHTS OF WAY										
375.0	STRUCTURES AND IMPROVEMENTS	35 - R1	0	35 - R1	0	55 - R3	(5)	50 - R2.5	(30)	50 - R2	(5)
	LEASEHOLD										
	OTHER										
	INDUS MEAS										
	MEAS & REG										
	MAJOR										
	CITY GATE										
	DISTRIBUTION SYSTEM STRUCTURES										
	COMMUNICATION STRUCTURES										
	GARAGE										
376.0	MAINS			54 - R2	(75)	25 - R2.5	0	65 - R2.5	(60)		
	CATHODIC PROTECTION										
	CATHODIC TEST STATIONS										
	CAST IRON			60 - R2	(75)	45 - S2.5	(30)			45 - L0.5	(60)
	HP 4" AND LESS										
	VALVES									55 - R1.5	(60)
	PLASTIC					60 - S1.5	(30)				
	STEEL					57 - R1.5	(30)			70 - R2	(60)
	LP 4" AND LESS										
	STEEL WRAP										
	TUNNELS										
	WROUGHT IRON										
378.0	MEASURING & REGULATING STATION EQUIPMENT			46 - R1	(20)	28 - R1	(20)			20 - L1	(10)
	GENERAL										
	ODORIZATION										
	REGULATING STATION EQUIPMENT							32 - R1.5	(60)		
	REGULATING STATION EQUIPMENT - SUPERVISORY							25 - L0	(60)		
	EXCL ELEC EQUIP										
	ELEC EQUIP										
	SCADA										
379.0	MEAS. & REG EQUIPMENT CITY GATE			53 - R3	(20)	28 - R2	2				
	COMPRESSOR STATION EQUIPMENT										
380.0	SERVICES			45 - R1.5	(200)			70 - R2.5	(70)	41 - R2	(45)
	ALL PRESSURES										
	LOW PRESSURE										
	REGULATED PRESSURE										
	SPECIAL SERVICES										
	STEEL AND COPPER					44 - R2	(90)				
	CAST IRON, COPPER, AND VALVES										
	STEEL										
	PLASTIC					40 - R2.5	(90)				
381.0	METERS	29 - R3	0	29 - R3	0	48 - R2	0	27 - L1.5	(2)	31 - R1	0
	HEXAGRAM										
	RECORDING GAUGES										
	ELECTRIC										
	TELEMETRY EQUIPMENT										
	TRANSPONDERS										
	AMR										
	METER MODULES										
382.0	METER AND REGULATOR INSTALLATION	31 - R3	0	42 - R2	0	43 - S2	(15) - (25)	27 - L1.5	(2)	31 - R1	0
	METER INSTALLATIONS - ELECTRIC										
383.0	HOUSE REGULATORS	24 - R4	0	24 - R4	0	31 - R2	0 - 30			31 - R1	0
384.0	HOUSE REGULATORS - INSTALL									31 - R1	0
385.0	INDUSTRIAL M&R STA EQUIPMENT			45 - R1.5	0	25 - S0	20	40 - R2.5	(25)		
	TELEMETERING							25 - S2.5	(25)		
	COMM.										
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES										
391.0	OFFICE FURNITURE AND EQUIPMENT										
	COMPUTER EQUIPMENT	5 - SQ	0	5 - SQ	0	5 - SQ	0			5 - SQ	0
	FURNITURE	15 - SQ	0	15 - SQ	0	20 - SQ	0			25 - SQ	0
	EQUIPMENT										
	INFO SYSTEM										
	MAINFRAME HARDWARE										
	SOFTWARE										
	OFFICE MACHINES									15 - SQ	0
	REMOTE METER READING EQUIPMENT										
	EDP COMPONENTS										
	EDP EQUIPMENT										
	DATA HANDLING										
392.0	TRANSPORTATION EQUIPMENT	7 - R1	15	7 - R1	15	5 - S4	35			10 - L2.5	15
	CNG TANKS										
	GENERAL										
	TRUCKS										
	NGV KITS										
	TRUCKS										
	TRAILERS										
	LIGHT TRUCKS										
	CARS AND LIGHT TRUCKS										
	HEAVY TRUCKS AND OTHER										
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	20 - SQ	0	20 - SQ	0	20 - SQ	0			20 - SQ	0
	NGV COMPR										
	CNG EQUIPMENT										
	SHOP EQU										
395.0	LABORATORY EQUIPMENT					20 - SQ	0				
396.0	POWER OPERATED EQUIPMENT	11 - R0.5	20	11 - R0.5	20	6 - S4	30			13 - L1.5	20
	NON SPECIFIC										
	DITCHERS										
	BACKHOES										
	WELDERS										
	SMALL MACHINERY										
	OTHER										
	LARGE MACHINERY										
398.0	MISCELLANEOUS EQUIPMENT	15 - SQ	0	15 - SQ	0	15 - SQ	0			20 - SQ	0
	PRINT SHOP/KITCHEN										
	OTHER										

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION CLIENT:	Company18 SURVIVOR CURVE	Company18 NET SALV %	Company19 SURVIVOR CURVE	Company19 NET SALV %	Company20 SURVIVOR CURVE	Company20 NET SALV %	Company21 SURVIVOR CURVE	Company21 NET SALV %	Company22 SURVIVOR CURVE	Company22 NET SALV %	Company23 SURVIVOR CURVE	Company23 NET SALV %	Company24 SURVIVOR CURVE	Company24 NET SALV %
374.0	LAND AND LAND RIGHTS														
	MAINS														
	LAND RIGHTS	65 - R3	0					65 - R3		65 - R2.5	0	70 - R4	0	75 - R3	0
	RIGHTS OF WAY	75 - R3	0					75 - S4		65 - R4	0				
375.0	STRUCTURES AND IMPROVEMENTS	45 - R1.5	0									50 - S3	0		
	LEASEHOLD													SQ	0
	OTHER					37 - R1	(50)	33 - S1		31 - S1	(5)			90 - R1	(5)
	INDUS MEAS					40 - R1	(50)	50 - R1.5		55 - R1	(15)			45 - S1.5	0
	MEAS & REG					55 - R2	(50)	60 - R1.5		55 - R1	(15)			62 - R1.5	(30)
	MAJOR									SQ	(5)				
	CITY GATE														
	DISTRIBUTION SYSTEM STRUCTURES					75 - S0.5	0	90 - R1*							
	COMMUNICATION STRUCTURES					50 - R3	0	50 - R2		55 - R1	0				
	GARAGE														
376.0	MAINS	63 - R2.5	(30)			70 - R2	(30)	72 - R1.5		57 - R1.5	(15)			70 - R2	(25)
	CATHODIC PROTECTION														
	CATHODIC TEST STATIONS														
	CAST IRON							72 - R1.5*				75 - S1	(70)		
	HP 4" AND LESS														
	VALVES														
	PLASTIC											55 - R3	(70)		
	STEEL							72 - R1.5*				62 - R2.5	(70)		
	LP 4" AND LESS														
	STEEL WRAP														
	TUNNELS														
	WROUGHT IRON														
378.0	MEASURING & REGULATING STATION EQUIPMENT									41 - R1	(10)	45 - R2.5	(10)	50 - R0.5	(20)
	GENERAL	34 - R1	(15)			38 - R0.5	(15)	45 - R0.5							
	ODORIZATION														
	REGULATING STATION EQUIPMENT														
	REGULATING STATION EQUIPMENT - SUPERVISORY														
	EXCL ELEC EQUIP														
	ELEC EQUIP														
	SCADA														
379.0	MEAS. & REG EQUIPMENT CITY GATE					32 - R1.5	(10)	35 - S2.5		41 - R1	(10)				
	COMPRESSOR STATION EQUIPMENT														
380.0	SERVICES	40 - S0	(60)			50 - R2	(60)	50 - R0.5		35 - R1.5	(40)				
	ALL PRESSURES													50 - R1.5	(100)
	LOW PRESSURE													35 - R1.5	(100)
	REGULATED PRESSURE													50 - R2.5	(100)
	SPECIAL SERVICES													37 - O1	(100)
	STEEL AND COPPER											40 - R0.5	(125)		
	CAST IRON, COPPER, AND VALVES														
	STEEL							50 - R0.5*							
	PLASTIC											45 - R2.5	(125)		
381.0	METERS	41 - R2.5	0			43 - R2.5	2	43 - S1.5		38 - R1.5	3	28 - R2.5	(5)	37 - R1.5	0
	HEXAGRAM													15 - R4	0
	RECORDING GAUGES					15 - R4	0			20 - S2.5	0			27 - O1	0
	ELECTRIC														
	TELEMETRY EQUIPMENT														
	TRANSPONDERS														
	AMR							15 - S2.5							
	METER MODULES														
382.0	METER AND REGULATOR INSTALLATION	45 - R3	(40)			48 - R4	(5)	55 - R2.5		41 - R3	(5)			45 - L2.5	0
	METER INSTALLATIONS - ELECTRIC														
383.0	HOUSE REGULATORS	30 - R3	(10)			35 - R3	(25)	40 - S2		38 - R3	(5)			30 - R4	(15)
384.0	HOUSE REGULATORS - INSTALL	25 - R5	0			35 - R3	(25)	35 - S3		32 - R3	0			43 - R1.5	(5)
385.0	INDUSTRIAL M&R STA EQUIPMENT	28 - R0.5	(10)			30 - O1	(10)	30 - R0.5		25 - R0.5	(5)	30 - R2.5	(5)	44 - R0.5	(5)
	TELEMETERING														
	COMM														
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES	10 - R4	(10)			22 - S1	0	25 - R2.5		22 - R2.5	0				
391.0	OFFICE FURNITURE AND EQUIPMENT														
	COMPUTER EQUIPMENT											5 - SQ	0	5 - SQ	0
	FURNITURE	20 - SQ	0	20 - SQ	0	20 - SQ	0	20 - SQ		20 - SQ	0	20 - SQ	0	20 - SQ	0
	EQUIPMENT	15 - SQ	0	15 - SQ	0			15 - SQ		15 - SQ	0			10 - SQ	0
	INFO SYSTEM	5 - SQ	0	5 - SQ	0	5 - SQ	0	5 - SQ		5 - SQ	0				
	MAINFRAME HARDWARE														
	SOFTWARE														
	OFFICE MACHINES														
	REMOTE METER READING EQUIPMENT														
	EDP COMPONENTS														
	EDP EQUIPMENT														
	DATA HANDLING														
392.0	TRANSPORTATION EQUIPMENT			10 - R2.5	0										
	CNG TANKS														
	GENERAL														
	TRUCKS													8 - L3	25
	NGV KITS													8 - L2.5	0
	TRUCKS														
	TRAILERS	18 - S4	0			15 - SQ	0	15 - SQ		17 - S2	5			11 - L2	35
	LIGHT TRUCKS														
	CARS AND LIGHT TRUCKS														
	HEAVY TRUCKS AND OTHER														
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	25 - SQ	0	25 - SQ	0	25 - SQ	0	25 - SQ		25 - SQ	0	25 - SQ	0	20 - SQ	0
	NGV COMPR													15 - R3	0
	CNG EQUIPMENT					10 - S1	0	12 - S1.5		14 - S2.5	0	10 - SQ	0		
	SHOP EQU														
395.0	LABORATORY EQUIPMENT	20 - SQ	0	20 - SQ	0	20 - SQ	0	20 - SQ		20 - SQ	0	20 - SQ	0	20 - SQ	0
396.0	POWER OPERATED EQUIPMENT	13 - L2.5	15	13 - R3	0	12 - L2.5	30	12 - L3		18 - L3	10			11 - L2.5	40
	NON SPECIFIC														
	DITCHERS														
	BACKHOES														
	WELDERS														
	SMALL MACHINERY														
	OTHER														
	LARGE MACHINERY														
398.0	MISCELLANEOUS EQUIPMENT	15 - SQ	0	15 - SQ	0	20 - SQ	0	15 - SQ		15 - SQ	0	20 - SQ	0	15 - SQ	0
	PRINT SHOP/KITCHEN														
	OTHER														

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	CLIENT:	Company25		Company26		Company27		Company28		Company29		Company30		Company31	
	DESCRIPTION	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %
374.0	LAND AND LAND RIGHTS														
	MAINS														
	LAND RIGHTS					65 - R4	0			80 - R3					
	RIGHTS OF WAY	65 - R4	0	65 - R3	0										
375.0	STRUCTURES AND IMPROVEMENTS	50 - R2.5	(5)	55 - R1.5	(15)	75 - S2	0	45 - R3	(5)	40 - S1				50 - R3	(5)
	LEASEHOLD														
	OTHER														
	INDUS MEAS														
	MEAS & REG														
	MAJOR														
	CITY GATE														
	DISTRIBUTION SYSTEM STRUCTURES														
	COMMUNICATION STRUCTURES														
	GARAGE														
376.0	MAINS					60 - S2.5	(75)			73 - R2.5				60 - R3	(10)
	CATHODIC PROTECTION														
	CATHODIC TEST STATIONS														
	CAST IRON	41 - R2.5	(20)	46 - R2.5	(25)					55 - R2					
	HP 4" AND LESS														
	VALVES														
	PLASTIC	60 - R2.5	(20)	60 - R3	(25)			55 - R3	(40)						
	STEEL	55 - R2.5	(20)	67 - R2.5	(25)			65 - R2.5	(40)						
	LP 4" AND LESS														
	STEEL WRAP														
	TUNNELS														
	WROUGHT IRON														
378.0	MEASURING & REGULATING STATION EQUIPMENT					35 - L2	(10)							40 - S0.5	(25)
	GENERAL	53 - R2	(25)	48 - R1.5	(15)			30 - L2.5	(10)	50 - S0.5					
	ODORIZATION									30 - R2.5					
	REGULATING STATION EQUIPMENT														
	REGULATING STATION EQUIPMENT - SUPERVISORY														
	EXCL ELEC EQUIP	40 - R1.5	(15)	49 - R1	(15)										
	ELEC EQUIP	20 - S1.5	(15)	15 - L2.5	(5)										
	SCADA														
379.0	MEAS. & REG EQUIPMENT CITY GATE			15 - L0	0	35 - R2	(10)	30 - L2.5	(10)					40 - S0.5	(10)
	COMPRESSOR STATION EQUIPMENT														
380.0	SERVICES					45 - R4	(100)			49 - S0				55 - R2	(50)
	ALL PRESSURES														
	LOW PRESSURE														
	REGULATED PRESSURE														
	SPECIAL SERVICES														
	STEEL AND COPPER							50 - R4	(60)						
	CAST IRON, COPPER, AND VALVES	35 - R1.5	(25)	37 - R1.5	(15)										
	STEEL	38 - R1.5	(25)	40 - S0	(15)										
	PLASTIC	42 - R1.5	(25)	32 - R2	(15)			35 - S3	(60)						
381.0	METERS	37 - R3	0	45 - R2	0	34 - S4	(10)	30 - S0.5	0	30 - S0				42 - S1.5	0
	HEXAGRAM														
	RECORDING GAUGES														
	ELECTRIC														
	TELEMETRY EQUIPMENT														
	TRANSPONDERS														
	AMR														
	METER MODULES														
382.0	METER AND REGULATOR INSTALLATION	39 - S2.5	0	50 - R2.5	0	40 - R3	(10)	30 - S0.5	0	49 - S0				33 - R0.5	(10)
	METER INSTALLATIONS - ELECTRIC														
383.0	HOUSE REGULATORS	43 - R2.5	0	50 - R2.5	0	35 - S4	0	30 - R4	0	49 - S0				38 - R2.5	0
384.0	HOUSE REGULATORS - INSTALL	48 - R2	0	50 - R2	0			30 - R4	0	49 - S0				42 - R0.5	0
385.0	INDUSTRIAL M&R STA EQUIPMENT	35 - R2	(10)	40 - R1	(5)	25 - S2.5	(10)	35 - R2.5	(10)	35 - R2				45 - R2.5	0
	TELEMETERING														
	COMM.	20 - R2.5	(10)	25 - S2.5	(5)										
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES														
391.0	OFFICE FURNITURE AND EQUIPMENT	20 - SQ	0	20 - SQ	0									20 - SQ	0
	COMPUTER EQUIPMENT					5 - SQ	0	5 - SQ	0	5 - SQ					
	FURNITURE					20 - SQ	0	20 - SQ	0	20 - SQ		20 - SQ	0		
	EQUIPMENT					15 - SQ	0	10 - SQ	0						
	INFO SYSTEM														
	MAINFRAME HARDWARE					7 - SQ	0								
	SOFTWARE														
	OFFICE MACHINES														
	REMOTE METER READING EQUIPMENT														
	EDP COMPONENTS														
	EDP EQUIPMENT			5 - SQ	0										
	DATA HANDLING														
392.0	TRANSPORTATION EQUIPMENT			10 - S2	10			8 - S0	10	8 - S2		18 - R2	0		
	CNG TANKS														
	GENERAL														
	TRUCKS							10 - R0.5	10						
	NGV KITS														
	TRUCKS														
	TRAILERS	11 - R2	5	17 - S1	15					22 - L1					
	LIGHT TRUCKS														
	CARS AND LIGHT TRUCKS														
	HEAVY TRUCKS AND OTHER														
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	25 - SQ	0	25 - SQ	0	20 - SQ	0	25 - SQ	0	25 - SQ		25 - SQ	0	25 - SQ	0
	NGV COMPR														
	CNG EQUIPMENT														
	SHOP EQU														
395.0	LABORATORY EQUIPMENT			15 - SQ	0					20 - SQ					
396.0	POWER OPERATED EQUIPMENT	11 - R2.5	0	11 - S1.5	30	15 - L2	15	12 - L4	20	12 - S3		20 - L2.5	0		
	NON SPECIFIC														
	DITCHERS														
	BACKHOES														
	WELDERS														
	SMALL MACHINERY														
	OTHER														
	LARGE MACHINERY														
398.0	MISCELLANEOUS EQUIPMENT	20 - SQ	0			10 - SQ	0	15 - SQ	0	15 - SQ				20 - SQ	0
	PRINT SHOP/KITCHEN														
	OTHER														

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION	Company32 SURVIVOR CURVE	Company32 NET SALV %	Company33 SURVIVOR CURVE	Company33 NET SALV %	Company34 SURVIVOR CURVE	Company34 NET SALV %	Company35 SURVIVOR CURVE	Company35 NET SALV %	Company36 SURVIVOR CURVE	Company36 NET SALV %	Company37 SURVIVOR CURVE	Company37 NET SALV %
374.0	LAND AND LAND RIGHTS											65 - R4	0
	MAINS												
	LAND RIGHTS			65 - S3	0			70 - R4	0				
	RIGHTS OF WAY												
375.0	STRUCTURES AND IMPROVEMENTS					55 - R3	(10)	60 - S2.5	(10)	55 - S4	(5)	32 - S2	(5)
	LEASEHOLD												
	OTHER	40 - S0	(5)	35 - L2	(5)								
	INDUS MEAS												
	MEAS & REG	45 - R1	(10)										
	MAJOR	55 - R1.5	(15)										
	CITY GATE			55 - R3	(5)								
	DISTRIBUTION SYSTEM STRUCTURES												
	COMMUNICATION STRUCTURES												
	GARAGE	55 - S0	(10)										
376.0	MAINS			65 - S2	(30)			61 - R3	(30)	62 - R2.5	(20)	70 - R2	(20)
	CATHODIC PROTECTION												
	CATHODIC TEST STATIONS												
	CAST IRON	65 - S1	(90)										
	HP 4" AND LESS												
	VALVES												
	PLASTIC	70 - R3	(15)			65 - R3	(15)						
	STEEL	85 - R2	(30)			58 - R3	(15)						
	LP 4" AND LESS												
	STEEL WRAP												
	TUNNELS												
	WROUGHT IRON												
378.0	MEASURING & REGULATING STATION EQUIPMENT	35 - O1	(30)			45 - R1	(25)			30 - S3	(10)	45 - R1	(15)
	GENERAL			41 - S0	(10)			47 - R1.5	(50)				
	ODORIZATION												
	REGULATING STATION EQUIPMENT												
	REGULATING STATION EQUIPMENT - SUPERVISORY												
	EXCL ELEC EQUIP												
	ELEC EQUIP												
	SCADA												
379.0	MEAS & REG EQUIPMENT CITY GATE	33 - S0	(30)	45 - R1	(15)	50 - R2.5	(25)	50 - R2.5	(50)	40 - S2.5	(10)	40 - S1	(15)
	COMPRESSOR STATION EQUIPMENT												
380.0	SERVICES			42 - S0.5	(60)	52 - R2.5	(50)	50 - R2.5	(60)	49 - R2	(60)	55 - R2	(50)
	ALL PRESSURES												
	LOW PRESSURE												
	REGULATED PRESSURE												
	SPECIAL SERVICES												
	STEEL AND COPPER	45 - R0.5	(100)										
	CAST IRON, COPPER, AND VALVES												
	STEEL												
	PLASTIC	42 - R2.5	(70)										
381.0	METERS	33 - S0.5	3	28 - R2	0	40 - S2	0	28 - S0	0	38 - S1.5	(1)	37 - S2	(1)
	HEXAGRAM												
	RECORDING GAUGES												
	ELECTRIC												
	TELEMETRY EQUIPMENT												
	TRANSPONDERS												
	AMR												
	METER MODULES												
382.0	METER AND REGULATOR INSTALLATION												
	METER INSTALLATIONS - ELECTRIC												
383.0	HOUSE REGULATORS	50 - R3	0	30 - R3	(10)	45 - R2	(25)	60 - R3	(5)	36 - R3	(5)	44 - R3	(5)
384.0	HOUSE REGULATORS - INSTALL												
385.0	INDUSTRIAL M&R STA EQUIPMENT	41 - S0	(15)	40 - S2.5	(5)	35 - S2.5	(5)	45 - R2.5	(5)	45 - S1	(10)	36 - S1.5	(10)
	TELEMETERING												
	COMM.												
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES												
391.0	OFFICE FURNITURE AND EQUIPMENT	20 - SQ	0			20 - SQ	0	10 - SQ	0	20 - SQ	0	20 - SQ	0
	COMPUTER EQUIPMENT	5 - SQ	0					5 - SQ	0			5 - SQ	0
	FURNITURE												
	EQUIPMENT	15 - SQ	0										
	INFO SYSTEM												
	MAINFRAME HARDWARE												
	SOFTWARE												
	OFFICE MACHINES												
	REMOTE METER READING EQUIPMENT												
	EDP COMPONENTS												
	EDP EQUIPMENT												
	DATA HANDLING											5 - SQ	0
392.0	TRANSPORTATION EQUIPMENT	8 - L2.5	15					9 - L4	10	7 - R1	30	6 - R1	25
	CNG TANKS												
	GENERAL												
	TRUCKS	11 - L3	10										
	NGV KITS												
	TRUCKS							14 - L4	10				
	TRAILERS			20 - S1	5			16 - L1.5	10	20 - S3	30	15 - O1	25
	LIGHT TRUCKS							12 - L3	10				
	CARS AND LIGHT TRUCKS			7 - L2.5	0								
	HEAVY TRUCKS AND OTHER			14 - S1.5	0								
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	20 - SQ	0	25 - SQ	0	20 - SQ	0	15 - SQ	0	20 - SQ	0	20 - SQ	0
	NGV COMPR												
	CNG EQUIPMENT												
	SHOP EQU												
395.0	LABORATORY EQUIPMENT	20 - SQ	0			15 - SQ	0	10 - SQ	0	20 - SQ	0	20 - SQ	0
396.0	POWER OPERATED EQUIPMENT	13 - L2.5	15					8 - L0	20	20 - L2.5	5	14 - L2	10
	NON SPECIFIC												
	DITCHERS												
	BACKHOES												
	WELDERS												
	SMALL MACHINERY			8 - L2	0								
	OTHER			17 - L3	5								
	LARGE MACHINERY			12 - L1.5	0								
398.0	MISCELLANEOUS EQUIPMENT	15 - SQ	0					10 - SQ	0	20 - SQ	0	20 - SQ	0
	PRINT SHOP/KITCHEN												
	OTHER												

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

	CLIENT.	Company38		Company39		Company40		Company41		Company42		Company43		Company44	
FERC ACCT	DESCRIPTION	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %
374.0	LAND AND LAND RIGHTS														
	MAINS														
	LAND RIGHTS	75 - R4	0	70 - R4		70 - R4						65 - R4	0	65 - R3	0
	RIGHTS OF WAY							70 - R4	0	70 - R4	0				
375.0	STRUCTURES AND IMPROVEMENTS	65 - R2.5	(5)					40 - R2.5	(5)	60 - R4	0	60 - R4	(10)	30 - R1	0
	LEASEHOLD														
	OTHER			40 - R0.5		33 - R1									
	INDUS MEAS														
	MEAS & REG														
	MAJOR			Various		80 - R1*									
	CITY GATE														
	DISTRIBUTION SYSTEM STRUCTURES														
	COMMUNICATION STRUCTURES														
	GARAGE														
376.0	MAINS	23 - S1.5	0	22 - S2.5		52 - L2		55 - R3	(25)	70 - S2.5	(25)	70 - R3	(40)		
	CATHODIC PROTECTION														
	CATHODIC TEST STATIONS									40 - S3	0				
	CAST IRON	70 - S1.5	(55)	62 - L1.5											
	HP 4" AND LESS													55 - R2.5	(70)
	VALVES														
	PLASTIC	55 - R3	(55)												
	STEEL	70 - S1.5	(55)												
	LP 4" AND LESS													40 - R0.5	(60)
	STEEL WRAP														
	TUNNELS														
	WROUGHT IRON														
378.0	MEASURING & REGULATING STATION EQUIPMENT	35 - R0.5	(25)	32 - R1		34 - R1.5		30 - R1.5	(5)					45 - R1.5	(20)
	GENERAL									45 - R1.5	(10)	52 - R1	(30)		
	ODORIZATION														
	REGULATING STATION EQUIPMENT														
	REGULATING STATION EQUIPMENT - SUPERVISORY														
	EXCL ELEC EQUIP														
	ELEC EQUIP														
	SCADA														
379.0	MEAS. & REG EQUIPMENT CITY GATE							30 - R1.5	(5)	45 - R1.5	0			35 - R2	(20)
	COMPRESSOR STATION EQUIPMENT														
380.0	SERVICES	50 - R0.5	(40)	42 - R0.5		33 - R1.5		49 - S0	(30)	65 - R3	(60)	55 - R2.5	(100)	45 - R1.5	(60)
	ALL PRESSURES														
	LOW PRESSURE														
	REGULATED PRESSURE														
	SPECIAL SERVICES														
	STEEL AND COPPER														
	CAST IRON, COPPER, AND VALVES														
	STEEL														
	PLASTIC														
381.0	METERS	36 - S1.5	0	33 - R1		41 - L3		33 - S2.5	0	39 - S1	0	45 - R2.5	5	40 - R2.5	0
	HEXAGRAM														
	RECORDING GAUGES	15 - R3	0	15 - R3				20 - R2.5	0						
	ELECTRIC													15 - R3	0
	TELEMETRY EQUIPMENT														
	TRANSPONDERS														
	AMR														
	METER MODULES														
382.0	METER AND REGULATOR INSTALLATION	50 - R0.5	0	42 - R0.5		55 - R2				45 - R4	(20)	55 - R2	(55)	38 - R2.5	(2)
	METER INSTALLATIONS - ELECTRIC													15 - R3	(2)
383.0	HOUSE REGULATORS	30 - R3	0			37 - S2		26 - L4	(10)	50 - R2	0	55 - R2	(60)	35 - S2	0
384.0	HOUSE REGULATORS - INSTALL	50 - R0.5	0	42 - R0.5		43 - R1.5						55 - R2.5	(5)		
385.0	INDUSTRIAL M&R STA EQUIPMENT	50 - R1	(25)	45 - R1.5		37 - R1		21 - L1.5	(5)	31 - S0.5	(5)	55 - R1.5	0		
	TELEMETERING														
	COMM.														
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES														
391.0	OFFICE FURNITURE AND EQUIPMENT							15 - SQ	0	20 - SQ	0	20 - SQ	0		
	COMPUTER EQUIPMENT	5 - SQ	0	5 - SQ		5 - SQ		5 - SQ	0			7 - SQ	0	5 - SQ	0
	FURNITURE	25 - SQ	0	25 - SQ		20 - SQ								20 - SQ	0
	EQUIPMENT	15 - SQ	0	15 - SQ				10 - SQ	0						
	INFO SYSTEM													7 - SQ	0
	MAINFRAME HARDWARE					5 - SQ									
	SOFTWARE														
	OFFICE MACHINES														
	REMOTE METER READING EQUIPMENT														
	EDP COMPONENTS														
	EDP EQUIPMENT														
	DATA HANDLING														
392.0	TRANSPORTATION EQUIPMENT	12 - L1.5	0	6.5 - L3				7 - L2.5	15			8 - L1.5	5	12 - L1.5	15
	CNG TANKS														
	GENERAL					15 - SQ									
	TRUCKS											15 - L4	5		
	NGV KITS														
	TRUCKS														
	TRAILERS					15 - SQ						15 - R5	0		
	LIGHT TRUCKS											9 - L0.5	10		
	CARS AND LIGHT TRUCKS														
	HEAVY TRUCKS AND OTHER														
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	25 - SQ	0	25 - SQ		25 - SQ		20 - SQ	0	25 - SQ	0	25 - SQ	0	25 - SQ	0
	NGV COMPR														
	CNG EQUIPMENT														
	SHOP EQU														
395.0	LABORATORY EQUIPMENT									20 - SQ	0	20 - SQ	0	20 - SQ	0
396.0	POWER OPERATED EQUIPMENT	15 - L3	10	25 - S0.5		25 - R2		10 - L3	10			12 - L2	10	15 - S0.5	15
	NON SPECIFIC														
	DITCHERS														
	BACKHOES														
	WELDERS														
	SMALL MACHINERY														
	OTHER														
	LARGE MACHINERY														
398.0	MISCELLANEOUS EQUIPMENT	20 - SQ	0	20 - SQ								20 - SQ	0		
	PRINT SHOP/KITCHEN													15 - SQ	0
	OTHER													20 - SQ	0

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION CLIENT.	Company45		Company46		Company47		Company48		Company49		Company50	
		SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %
374.0	LAND AND LAND RIGHTS												
	MAINS												
	LAND RIGHTS							75 - R3				65 - R4	0
	RIGHTS OF WAY					75 - S0.5	0			75 - R3			
375.0	STRUCTURES AND IMPROVEMENTS			60 - R3	(5)	38 - R1	(15)			75 - O1		60 - R1.5	(10)
	LEASEHOLD												
	OTHER							90 - R0.5		33 - S0			
	INDUS MEAS							45 - S1					
	MEAS & REG							60 - R2					
	MAJOR												
	CITY GATE												
	DISTRIBUTION SYSTEM STRUCTURES												
	COMMUNICATION STRUCTURES												
	GARAGE												
376.0	MAINS			57 - R3	(65)			67 - R2.5		52 - L2		65 - R3	(40)
	CATHODIC PROTECTION												
	CATHODIC TEST STATIONS												
	CAST IRON					75 - S0.5	(85)						
	HP 4" AND LESS												
	VALVES												
	PLASTIC					55 - R2.5	(70)						
	STEEL					75 - R2	(70)						
	LP 4" AND LESS												
	STEEL WRAP												
	TUNNELS					100 - R3	(25)						
	WROUGHT IRON												
378.0	MEASURING & REGULATING STATION EQUIPMENT			52 - R2.5	(35)	33 - L1	(10)	38 - R1.5		38 - R2		45 - R1	(5)
	GENERAL												
	ODORIZATION												
	REGULATING STATION EQUIPMENT												
	REGULATING STATION EQUIPMENT - SUPERVISORY												
	EXCL ELEC EQUIP												
	ELEC EQUIP												
	SCADA												
379.0	MEAS. & REG EQUIPMENT CITY GATE					27 - L1	(10)			38 - R2		35 - R0.5	(5)
	COMPRESSOR STATION EQUIPMENT												
380.0	SERVICES	52 - R1.5	(50)	54 - R4	(180)	35 - R1	(50)	46 - R1.5		40 - R1.5		57 - R2.5	(50)
	ALL PRESSURES												
	LOW PRESSURE												
	REGULATED PRESSURE												
	SPECIAL SERVICES												
	STEEL AND COPPER					32 - L0.5	(50)						
	CAST IRON, COPPER, AND VALVES												
	STEEL												
	PLASTIC					37 - R0.5	(50)						
381.0	METERS	37 - R4	0	24 - R4	(25)	37 - S3	3	29 - S0.5		41 - SQ		50 - R4	5
	HEXAGRAM												
	RECORDING GAUGES					20 - R2.5	0					8 - S2	0
	ELECTRIC												
	TELEMETRY EQUIPMENT												
	TRANSPONDERS												
	AMR												
	METER MODULES												
382.0	METER AND REGULATOR INSTALLATION	37 - R4	(5)					46 - R1.5		55 - SQ		45 - R4	0
	METER INSTALLATIONS - ELECTRIC												
383.0	HOUSE REGULATORS	15 - L2.5	0	25 - R2	(5)	35 - S2.5	(25)			36 - SQ		45 - R3	0
384.0	HOUSE REGULATORS - INSTALL									41 - SQ			
385.0	INDUSTRIAL M&R STA EQUIPMENT			40 - R2.5	(10)	35 - S2.5	(25)	42 - O1		40 - R1.5			
	TELEMETERING												
	COMM.												
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES												
391.0	OFFICE FURNITURE AND EQUIPMENT			20 - SQ	0	15 - SQ	0						
	COMPUTER EQUIPMENT	5 - SQ	0			5 - SQ	0	5 - SQ					
	FURNITURE	15 - SQ	0					20 - SQ		20 - SQ		20 - SQ	0
	EQUIPMENT					10 - SQ	0	15 - SQ		20 - SQ			
	INFO SYSTEM												
	MAINFRAME HARDWARE												
	SOFTWARE									5 - SQ			
	OFFICE MACHINES												
	REMOTE METER READING EQUIPMENT												
	EDP COMPONENTS												
	EDP EQUIPMENT												
	DATA HANDLING												
392.0	TRANSPORTATION EQUIPMENT					8 - L2.5	10	5.5 - S1.5		15 - SQ			
	CNG TANKS												
	GENERAL							13 - S0					
	TRUCKS							10 - S2					
	NGV KITS												
	TRUCKS												
	TRAILERS							16 - L2.5					
	LIGHT TRUCKS												
	CARS AND LIGHT TRUCKS												
	HEAVY TRUCKS AND OTHER												
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	15 - SQ	0	25 - SQ	0	20 - SQ	0	25 - SQ		25 - SQ		25 - SQ	0
	NGV COMPR												
	CNG EQUIPMENT							15 - SQ					
	SHOP EQU												
395.0	LABORATORY EQUIPMENT	15 - SQ	0	20 - SQ	0					20 - SQ		20 - SQ	0
396.0	POWER OPERATED EQUIPMENT	15 - SQ	0	20 - SQ	0	10 - L2.5	5	13 - L2		27 - R2.5			
	NON SPECIFIC												
	DITCHERS												
	BACKHOES												
	WELDERS												
	SMALL MACHINERY												
	OTHER												
	LARGE MACHINERY												
398.0	MISCELLANEOUS EQUIPMENT	15 - SQ	0	20 - SQ	0	10 - SQ	0	15 - SQ		15 - SQ		20 - SQ	0
	PRINT SHOP/KITCHEN												
	OTHER												

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION CLIENT.	Company51 SURVIVOR CURVE	Company51 NET SALV %	Company52 SURVIVOR CURVE	Company52 NET SALV %	Company53 SURVIVOR CURVE	Company53 NET SALV %	Company54 SURVIVOR CURVE	Company54 NET SALV %	Company55 SURVIVOR CURVE	Company55 NET SALV %	Company56 SURVIVOR CURVE	Company56 NET SALV %
374.0	LAND AND LAND RIGHTS												
	MAINS												
	LAND RIGHTS	65 - R4	0			75 - R3	0	55 - S6	0				
	RIGHTS OF WAY												
375.0	STRUCTURES AND IMPROVEMENTS			45 - R3	(5)	120 - R1	0	50 - R4	0	45 - S0	(5)	60 - S1.5	(10)
	LEASEHOLD												
	OTHER	31 - L2	(5)			40 - R1	0						
	INDUS MEAS												
	MEAS & REG												
	MAJOR	90 - R1	(5)										
	CITY GATE												
	DISTRIBUTION SYSTEM STRUCTURES												
	COMMUNICATION STRUCTURES												
	GARAGE												
376.0	MAINS					66 - R2.5	(38)	70 - R4	(70)	65 - S2.5	(25)	52 - S0.5	(30)
	CATHODIC PROTECTION												
	CATHODIC TEST STATIONS												
	CAST IRON			SQ	(60)								
	HP 4" AND LESS												
	VALVES												
	PLASTIC	60 - S2	(40)	50 - R4	(35)								
	STEEL	60 - R2.5	(40)	SQ	(7)								
	LP 4" AND LESS												
	STEEL WRAP			50 - R4	(50)								
	TUNNELS												
	WROUGHT IRON												
378.0	MEASURING & REGULATING STATION EQUIPMENT	20 - S0.5	(20)	30 - R1.5	(20)	34 - S0	(30)	40 - R5	(5)	55 - R3	(40)	31 - R4	(20)
	GENERAL												
	ODORIZATION												
	REGULATING STATION EQUIPMENT												
	REGULATING STATION EQUIPMENT - SUPERVISORY												
	EXCL ELEC EQUIP												
	ELEC EQUIP												
	SCADA												
379.0	MEAS. & REG EQUIPMENT CITY GATE							40 - R5	0	55 - R3	(40)	31 - R4	(20)
	COMPRESSOR STATION EQUIPMENT												
380.0	SERVICES			40 - R2.5	(75)	49 - R2.5	(70)	65 - R3	(100)	53 - R3	(90)	45 - S1	(75)
	ALL PRESSURES												
	LOW PRESSURE												
	REGULATED PRESSURE												
	SPECIAL SERVICES												
	STEEL AND COPPER			SQ	(13)								
	CAST IRON, COPPER, AND VALVES												
	STEEL	50 - R1	(75)										
	PLASTIC	45 - R3	(75)										
381.0	METERS	41 - R2.5	3	35 - R3	0	28 - S2.5	0	40 - R2	(100)	41 - R2	(10)	38 - S4	0
	HEXAGRAM												
	RECORDING GAUGES												
	ELECTRIC	15 - S2.5	0							15 - S2.5	0		
	TELEMETRY EQUIPMENT					15 - L2	0						
	TRANSPONDERS					13 - S2	0						
	AMR												
	METER MODULES												
382.0	METER AND REGULATOR INSTALLATION	50 - R3	0	40 - R2.5	0	42 - R3	(5)	40 - R2	0			34 - R1.5	0
	METER INSTALLATIONS - ELECTRIC												
383.0	HOUSE REGULATORS			40 - R4	(10)	30 - R3	0	40 - R2	0			40 - S3	(20)
384.0	HOUSE REGULATORS - INSTALL			40 - R4	0	48 - R1.5	0					40 - R2.5	0
385.0	INDUSTRIAL M&R STA EQUIPMENT	23 - S0.5	(5)	30 - R2.5	(10)					55 - R2	0	30 - R1	(10)
	TELEMETERING												
	COMM.												
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES												
391.0	OFFICE FURNITURE AND EQUIPMENT			20 - SQ	0			20 - SQ	0	20 - SQ	0		
	COMPUTER EQUIPMENT	5 - SQ	0	5 - SQ	0			5 - SQ	0			10 - SQ	0
	FURNITURE	20 - SQ	0			20 - SQ	0					20 - SQ	0
	EQUIPMENT												
	INFO SYSTEM									5 - SQ	0		
	MAINFRAME HARDWARE					4 - SQ	0						
	SOFTWARE	5 - SQ	0			10 - SQ	0						
	OFFICE MACHINES					7 - SQ	0						
	REMOTE METER READING EQUIPMENT	10 - SQ	0										
	EDP COMPONENTS												
	EDP EQUIPMENT												
	DATA HANDLING												
392.0	TRANSPORTATION EQUIPMENT	5 - S2	20	10 - SQ	10			14 - L1	8			8 - L2	15
	CNG TANKS					10.5 - L2.5	3						
	GENERAL					10.5 - L2.5	14						
	TRUCKS	9 - L2.5	20									9 - L2.5	0
	NGV KITS												
	TRUCKS												
	TRAILERS	14 - L2.5	20										
	LIGHT TRUCKS												
	CARS AND LIGHT TRUCKS												
	HEAVY TRUCKS AND OTHER												
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	25 - SQ	0	20 - SQ	0	10 - SQ	0	25 - SQ	0	20 - SQ	0	20 - SQ	0
	NGV COMPR												
	CNG EQUIPMENT	15 - SQ	0			10 - SQ	0						
	SHOP EQU					20 - SQ	0						
395.0	LABORATORY EQUIPMENT	15 - SQ	0	20 - SQ	0	15 - SQ	0	15 - SQ	0	15 - SQ	0	20 - SQ	0
396.0	POWER OPERATED EQUIPMENT	11 - L3	20	15 - SQ	10	10 - L2	25	14 - R1.5	8			11 - L1	0
	NON SPECIFIC	11 - R3	20										
	DITCHERS												
	BACKHOES												
	WELDERS												
	SMALL MACHINERY												
	OTHER												
	LARGE MACHINERY												
398.0	MISCELLANEOUS EQUIPMENT	20 - SQ	0	15 - SQ	0	15 - SQ	0			15 - SQ	0	20 - SQ	0
	PRINT SHOP/KITCHEN												
	OTHER												

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

	CLIENT.	Company57		Company58		Company59		Company60		Company61		Company62		Company63	
FERC ACCT	DESCRIPTION	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %	SURVIVOR CURVE	NET SALV %
374.0	LAND AND LAND RIGHTS														
	MAINS														
	LAND RIGHTS	75 - SQ	0	75 - SQ	0	65 - R3								65 - R4	0
	RIGHTS OF WAY							65 - L0							
375.0	STRUCTURES AND IMPROVEMENTS			45 - R3	0					45 - S0.5		55 - S0.5		50 - R2.5	(10)
	LEASEHOLD														
	OTHER					50 - S0		36 - S0							
	INDUS MEAS														
	MEAS & REG														
	MAJOR					80 - R1		65 - L0							
	CITY GATE														
	DISTRIBUTION SYSTEM STRUCTURES														
	COMMUNICATION STRUCTURES														
	GARAGE														
376.0	MAINS	40 - R2.5	(15)	45 - R2.5	(15)	57 - R2.5		60 - R2.5		70 - R2					
	CATHODIC PROTECTION														
	CATHODIC TEST STATIONS														
	CAST IRON											70 - R1		41 - R2.5	(20)
	HP 4" AND LESS														
	VALVES														
	PLASTIC									60 - R3		65 - R3		50 - R2.5	(20)
	STEEL											72 - R2.5		53 - R2	(20)
	LP 4" AND LESS														
	STEEL WRAP														
	TUNNELS														
	WROUGHT IRON											70 - R1			
378.0	MEASURING & REGULATING STATION EQUIPMENT	35 - R1.5	(5)	25 - R2.5	(35)	50 - S0.5		43 - R1.5				50 - S0.5		50 - R2.5	(75)
	GENERAL									39 - S0					
	ODORIZATION														
	REGULATING STATION EQUIPMENT														
	REGULATING STATION EQUIPMENT - SUPERVISORY														
	EXCL ELEC EQUIP													40 - R1	(5)
	ELEC EQUIP													15 - S2.5	(5)
	SCADA											13 - S2			
379.0	MEAS. & REG EQUIPMENT CITY GATE							43 - R1.5		40 - R2		40 - R3			
	COMPRESSOR STATION EQUIPMENT														
380.0	SERVICES	35 - R3	(40)	40 - R3	(35)	48 - R2		43 - R1.5		48 - R1		47 - R2		40 - R1.5	(35)
	ALL PRESSURES														
	LOW PRESSURE														
	REGULATED PRESSURE														
	SPECIAL SERVICES														
	STEEL AND COPPER													38 - R1	(35)
	CAST IRON, COPPER, AND VALVES														
	STEEL														
	PLASTIC									42 - R3				42 - R1.5	(35)
381.0	METERS	40 - R2.5	0	35 - R2	0	32 - R0.5		40 - R3		35 - S1.5		36 - R1.5		37 - R3	10
	HEXAGRAM														
	RECORDING GAUGES														
	ELECTRIC											20 - S2			
	TELEMETRY EQUIPMENT														
	TRANSPONDERS														
	AMR									15 - R3					
	METER MODULES														
382.0	METER AND REGULATOR INSTALLATION					42 - R1		60 - R2.5				47 - R2		37 - R3	0
	METER INSTALLATIONS - ELECTRIC														
383.0	HOUSE REGULATORS							37 - R4		42 - R3		47 - R2		44 - R1.5	10
384.0	HOUSE REGULATORS - INSTALL							41 - R3		42 - R3		47 - R2		44 - R1.5	0
385.0	INDUSTRIAL M&R STA EQUIPMENT	40 - R1.5	(20)	32 - R3	(20)			41 - R1.5		35 - R3		42 - R2		32 - R2	(10)
	TELEMETERING													32 - R2	(10)
	COMM.														
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES														
391.0	OFFICE FURNITURE AND EQUIPMENT	20 - SQ	0	20 - SQ	0										
	COMPUTER EQUIPMENT	5 - SQ	0	5 - SQ	0	5 - SQ		5 - SQ		5 - SQ				5 - SQ	0
	FURNITURE					20 - SQ		20 - SQ		20 - SQ		20 - SQ		20 - SQ	0
	EQUIPMENT					10 - SQ		20 - SQ		10 - SQ		5 - SQ			
	INFO SYSTEM														
	MAINFRAME HARDWARE														
	SOFTWARE									10 - SQ					
	OFFICE MACHINES														
	REMOTE METER READING EQUIPMENT														
	EDP COMPONENTS														
	EDP EQUIPMENT														
	DATA HANDLING														
392.0	TRANSPORTATION EQUIPMENT					6 - S2.5		15 - SQ		10 - L3		7 - L2.5		9 - R3	5
	CNG TANKS														
	GENERAL														
	TRUCKS	15 - SQ	5	15 - SQ	5	15 - S2						11 - L3			
	NGV KITS														
	TRUCKS											14 - L4			
	TRAILERS													10 - R2	5
	LIGHT TRUCKS	8 - SQ	10	8 - SQ	10	8 - L3									
	CARS AND LIGHT TRUCKS														
	HEAVY TRUCKS AND OTHER														
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	20 - SQ	0	15 - SQ	0	15 - SQ		25 - SQ		20 - SQ		20 - SQ		25 - SQ	0
	NGV COMPR														
	CNG EQUIPMENT														
	SHOP EQU					25 - SQ									
395.0	LABORATORY EQUIPMENT	20 - SQ	0	20 - SQ	0			20 - SQ							
396.0	POWER OPERATED EQUIPMENT	15 - SQ	10	15 - SQ	10	17 - L2.5		15 - R2		14 - L3		14 - L2.5		11 - R2.5	0
	NON SPECIFIC														
	DITCHERS														
	BACKHOES														
	WELDERS														
	SMALL MACHINERY														
	OTHER														
	LARGE MACHINERY														
398.0	MISCELLANEOUS EQUIPMENT	10 - SQ	0	15 - SQ	0			15 - SQ		15 - SQ		10 - SQ		20 - SQ	0
	PRINT SHOP/KITCHEN														
	OTHER														

SERVICE LIFE AND NET SALVAGE STATISTICS - US - GAS

FERC ACCT	DESCRIPTION CLIENT,	Company64 SURVIVOR CURVE	Company64 NET SALV %	Company65 SURVIVOR CURVE	Company65 NET SALV %	Company66 SURVIVOR CURVE	Company66 NET SALV %	Company67 SURVIVOR CURVE	Company67 NET SALV %	Company68 SURVIVOR CURVE	Company68 NET SALV %	Company69 SURVIVOR CURVE	Company69 NET SALV %
374.0	LAND AND LAND RIGHTS												
	MAINS												
	LAND RIGHTS	75 - R3	0					75 - R4	0				
	RIGHTS OF WAY												
375.0	STRUCTURES AND IMPROVEMENTS	40 - R2	(5)					40 - S1	0	55 - R3	(5)	50 - R4	(15)
	LEASEHOLD												
	OTHER												
	INDUS MEAS												
	MEAS & REG												
	MAJOR												
	CITY GATE												
	DISTRIBUTION SYSTEM STRUCTURES												
	COMMUNICATION STRUCTURES												
	GARAGE												
376.0	MAINS	60 - S1	(25)					70 - R2.5	(45)	54 - R2	(15)	58 - R2.5	(10)
	CATHODIC PROTECTION												
	CATHODIC TEST STATIONS												
	CAST IRON												
	HP 4" AND LESS												
	VALVES												
	PLASTIC									45 - S2	(15)		
	STEEL									54 - R2	(15)		
	LP 4" AND LESS												
	STEEL WRAP												
	TUNNELS												
	WROUGHT IRON												
378.0	MEASURING & REGULATING STATION EQUIPMENT	35 - R1	(10)					42 - R2.5	(20)	40 - R1	(20)	40 - R2.5	(10)
	GENERAL												
	ODORIZATION												
	REGULATING STATION EQUIPMENT												
	REGULATING STATION EQUIPMENT - SUPERVISORY												
	EXCL ELEC EQUIP												
	ELEC EQUIP												
	SCADA												
379.0	MEAS. & REG EQUIPMENT CITY GATE	35 - R1	(10)							45 - R2.5	(20)	45 - R2.5	(5)
	COMPRESSOR STATION EQUIPMENT												
380.0	SERVICES	40 - R1.5	(40)					55 - R2.5	(70)			48 - R3	(25)
	ALL PRESSURES												
	LOW PRESSURE												
	REGULATED PRESSURE												
	SPECIAL SERVICES												
	STEEL AND COPPER												
	CAST IRON, COPPER, AND VALVES												
	STEEL									39 - R1.5	(45)		
	PLASTIC									38 - R4	(20)		
381.0	METERS	30 - S1.5	0					20 - S2.5	0	35 - S0	(10)	38 - R3	5
	HEXAGRAM												
	RECORDING GAUGES												
	ELECTRIC												
	TELEMETRY EQUIPMENT												
	TRANSPONDERS												
	AMR											15 - S1	0
	METER MODULES									15 - R3	(5)		
382.0	METER AND REGULATOR INSTALLATION	35 - R3	0					37 - R4	0				
	METER INSTALLATIONS - ELECTRIC												
383.0	HOUSE REGULATORS	30 - R2	0					35 - R2	(10)	35 - S0.5	(10)	40 - R5	0
384.0	HOUSE REGULATORS - INSTALL	35 - R3	0					40 - R4	0				
385.0	INDUSTRIAL M&R STA EQUIPMENT	30 - R1	(5)									33 - R1.5	(5)
	TELEMETERING												
	COMM.												
387.0	OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES												
391.0	OFFICE FURNITURE AND EQUIPMENT					15 - SQ	0	20 - SQ	0	20 - SQ	0		
	COMPUTER EQUIPMENT							6 - SQ	0	5 - SQ	0		
	FURNITURE	15 - SQ	0	15 - SQ	0								
	EQUIPMENT												
	INFO SYSTEM												
	MAINFRAME HARDWARE												
	SOFTWARE									5 - SQ	0		
	OFFICE MACHINES												
	REMOTE METER READING EQUIPMENT												
	EDP COMPONENTS												
	EDP EQUIPMENT												
	DATA HANDLING												
392.0	TRANSPORTATION EQUIPMENT			7 - L4	15	7 - L4	15	11 - L2	15	12 - R1.5	15		
	CNG TANKS												
	GENERAL												
	TRUCKS												
	NGV KITS												
	TRUCKS												
	TRAILERS												
	LIGHT TRUCKS												
	CARS AND LIGHT TRUCKS												
	HEAVY TRUCKS AND OTHER												
394.0	TOOLS SHOP AND GARAGE EQUIPMENT	10 - SQ	0					25 - SQ	0	25 - SQ	0		
	NGV COMPR												
	CNG EQUIPMENT												
	SHOP EQU												
395.0	LABORATORY EQUIPMENT							25 - SQ	0	15 - SQ	0		
396.0	POWER OPERATED EQUIPMENT							13 - L2	20	14 - L1.5	20		
	NON SPECIFIC												
	DITCHERS												
	BACKHOES												
	WELDERS												
	SMALL MACHINERY												
	OTHER												
	LARGE MACHINERY												
398.0	MISCELLANEOUS EQUIPMENT			15 - SQ	0	15 - SQ	0	15 - SQ	0				
	PRINT SHOP/KITCHEN												
	OTHER												

CLIENT:

LOUISVILLE GAS AND ELECTRIC COMPANY
NORTH SHORE GAS COMPANY
VIRGINIA GAS PIPELINE COMPANY
SOUTHWEST GAS CORPORATION - SOUTHERN DIVISION
NATIONAL FUEL GAS DISTRIBUTION - PA DIVISION
COLUMBIA GAS OF VIRGINIA
ALLIANT ENERGY - IOWA
CENTERPOINT ENERGY ARKLA - LOUISIANNA
PUGET SOUND ENERGY
PUBLIC SERVICE COMPANY OF COLORADO
AVISTA CORPORATION
NORTHWEST NATURAL GAS
MINNESOTA ENERGY RESOURCES CORPORATION - PEOPLES NATURAL GAS COMPANY
PEOPLES NATURAL GAS LLC
PACIFIC GAS & ELECTRIC COMPANY
GRANITE STATE GAS TRANSMISSION, INC.
CENTERPOINT ENERGY - FIELD SERVICES
DOMINION EAST OHIO
DUKE ENERGY OHIO GAS
WISCONSIN POWER AND LIGHT COMPANY
ATMOS ENERGY CORPORATION - ILLINOIS PROPERTY
NORTHERN INDIANA FUEL AND LIGHT COMPANY, INC.
NATIONAL FUEL GAS DISTRIBUTION - NY DIVISION
PEOPLES GAS LIGHT AND COKE COMPANY
VIRGINIA GAS STORAGE COMPANY
ELIZABETHTOWN GAS COMPANY
WISCONSIN PUBLIC SERVICE CORPORATION
CENTERPOINT ENERGY ENTEX - TEXAS DIVISION
QUESTAR GAS COMPANY
CENTERPOINT ENERGY - OKLAHOMA
DELMARVA POWER & LIGHT
AMERENUE
KOKOMO GAS AND FUEL COMPANY
SOUTHWEST GAS CORPORATION - NORTHERN DIVISION
UNION LIGHT HEAT AND POWER CO
UGI CENTRAL PENN GAS, INC.
PUBLIC SERVICE COMPANY OF NORTH CAROLINA
CITIZENS ENERGY GROUP
VIRGINIA NATURAL GAS, INC.
NORTHERN INDIANA PUBLIC SERVICE COMPANY
NORTH PENN GAS COMPANY
ALLIANT ENERGY - WISCONSIN POWER & LIGHT
DUKE ENERGY KENTUCKY

UGI PENN NATURAL GAS, INC.
CENTERPOINT ENERGY ARKLA - GENERAL
ATMOS ENERGY CORPORATION - MISSOURI PROPERTY
CENTERPOINT ENERGY - GAS TRANSMISSION
COLUMBIA GAS OF OHIO
T.W. PHILLIPS GAS AND OIL COMPANY
MIDAMERICAN ENERGY COMPANY
NSTAR ELECTRIC & GAS COMPANY
COLUMBIA GAS OF MARYLAND
VIRGINIA GAS DISTRIBUTION COMPANY
SIERRA PACIFIC POWER COMPANY
EQUITABLE GAS COMPANY
PPL GAS UTILITIES CORPORATION
CENTRAL HUDSON GAS & ELECTRIC
MADISON GAS AND ELECTRIC COMPANY
ELKTON GAS
SOUTH JERSEY GAS COMPANY
MINNESOTA ENERGY RESOURCES CORPORATION - NORTHERN MINNESOTA UTILITIES
LACLEDE GAS COMPANY
SOUTH CAROLINA ELECTRIC & GAS COMPANY
ALLIANT ENERGY - MINNESOTA
COLUMBIA GAS OF MASSACHUSETTS, INC.
CAROLINA GAS TRANSMISSION CORPORATION
COLUMBIA GAS OF PENNSYLVANIA
UGI UTILITIES, INC. - GAS DIVISION
CENTERPOINT ENERGY - ARKANSAS

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

87. In any instance where the Company relied on typical ranges from other utilities, if any, provide the corresponding data associated with the typical industry data identifying the utility, the specific value associated with that utility and when each utility's regulator approved such a value.

Response:

The Company did not rely on typical ranges from other utilities for life or salvage parameters. The industry ranges were considered as one of the factors in establishing the most appropriate life or salvage for Columbia Gas of Kentucky. The industry information is set forth in response to AG DR Set 1-086.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

88. Please provide a copy of all industry comparative data reviewed and replied upon by the Company during the process of determining appropriate depreciation mortality characteristics for the Company's investment.

Response:

Please refer to the response to AG DR Set 1-086.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

89. Please provide a copy of each of the Company's depreciation spreadsheets contained in part III – Results of Study pages III-4 through III-5 in Excel executable format with all formulae intact and cells unlocked.

Response:

Please refer to the response to AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

90. If not already provided in response to question XX, please provide a copy of all depreciation expense related workpapers. All workpapers reflecting numerical calculations should be provided in an Excel spreadsheet with all formulae intact and cells unlocked.

Response:

Please refer to response to AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

91. Please provide the Company's policy regarding the continuation of recording depreciation expense once an asset becomes fully accrued. Further state when such policy was implemented and all support for the policy. For each account, please state if the historical net salvage data (i.e., gross salvage, cost of removal, and retirements) are time synchronized.

Response:

For each depreciable account group, Columbia utilizes the depreciation accrual accounting approach, in which depreciation continues until the accumulated depreciation matches the future cost of recovery for all of the assets grouped within an account. The future cost of recovery equals the original cost of the plant assets plus the negative net salvage percent (cost of removal percent less gross salvage percent) times the original cost of the plant assets. This ensures that depreciation expense of the combination of all assets in the account does not get over or under-depreciated and that there is a proper pro-rata recovery of each accrual component.

Columbia has utilized this approach since conversion to the PowerPlant fixed asset system in September 2003.

In May 2012, Columbia went through a fixed asset system upgrade and separate accrual rates were established for the three components: life, cost of removal, and gross salvage. This change resulted in the ability to distinguish the accumulated depreciation or reserves for each component and accrue recovery of such costs and proceeds systematically.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

92. Please provide the results of the Study as shown on page III-4 and III-5 assuming that average service life procedure was to be used instead of equal life procedure.

Response:

Please see AG DR Set 1 No. 092 Attachment A.xls.

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2012

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost at December 31, 2012	Book Reserve	Future Book Accruals	Calculated Annual Accrual		Composite Remaining Life
							Amount	Rate	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
	Land and Land Rights								
374.4	Land Rights	70-R2	0	616,570.15	140,226	476,344	8,754	1.42	54.4
374.5	Rights-of-Way	75-S4	0	2,666,571.20	803,512	1,863,059	32,685	1.23	57.0
	Total Account 374			3,283,141.35	943,738	2,339,403	41,439	1.26	
	Structures and Improvements								
375.34	Measuring and Regulating	48-S0.5	(15)	1,142,576.46	408,231	905,732	25,910	2.27	35.0
375.7	Other Distribution System								
	Other Buildings	Square *	0	7,032,785.62	2,617,057	4,415,729	141,423	2.01	31.2
	Distribution System Structures	37-S2	0	130,419.64	72,958	57,462	3,435	2.63	16.7
	Total Account 375.70			7,163,205.26	2,690,015	4,473,191	144,858	2.02	
375.8	Communication Structures	35-S2	0	33,260.58	32,864	397	29	0.09	13.7
	Total Account 375			8,339,042.30	3,131,110	5,379,320	170,797	2.05	
376	Mains								
	Cast Iron	70-R1.5 *	(15)	273,248.40	260,737	53,499	2,687	0.98	19.9
	Bare Steel	70-R1.5 *	(15)	17,968,304.52	16,608,033	4,055,517	196,743	1.09	20.6
	Coated Steel	70-R1.5	(15)	44,837,223.36	12,626,446	38,936,361	692,142	1.54	56.3
	Plastic	70-R1.5	(15)	98,419,204.15	22,114,429	91,067,656	1,541,805	1.57	59.1
	Total Account 376			161,497,980.43	51,609,645	134,113,033	2,433,377	1.51	
378	Meas and Reg Sta. Equip. - General	41-S0	(10)	5,401,380.31	2,717,630	3,223,888	107,530	1.99	30.0
379.1	Meas and Reg Sta. Equip. - City Gate	34-R2	(10)	257,908.74	270,760	12,940	912	0.35	14.2
380	Services	39-R1.5	(60)	95,861,712.15	54,739,756	98,638,983	3,314,256	3.46	29.8
381	Meters	35-S0.5	2	12,169,558.60	4,192,116	7,734,051	349,589	2.87	22.1
381.1	Meters - AMI	15-S2.5	0	682,384.32	15,881	666,503	47,539	6.97	14.0
382	Meter Installations	40-S2	(10)	8,234,752.85	3,926,752	5,131,476	208,108	2.53	24.7
383	House Regulators	39-S2	(5)	4,884,766.35	1,239,809	3,889,196	127,765	2.62	30.4
384	House Regulator Installations	39-S2	0	2,282,263.96	1,696,055	586,209	25,414	1.11	23.1
385	Industrial Meas and Reg Equipment	32-R0.5	(10)	2,763,500.00	940,969	2,098,881	90,079	3.26	23.3
387.4	Other Equipment - Customer Information Services	32-R2.5	(5)	3,275,691.89	1,364,584	2,074,892	101,328	3.09	20.5
TOTAL DISTRIBUTION PLANT				308,934,083.25	126,788,805	265,888,775	7,018,133	2.27	
GENERAL PLANT									
	Office Furniture and Equipment								
391.1	Furniture	20-SQ	0	1,136,231.33	1,007,199	129,032	56,825	5.00	2.3
391.11	Equipment	15-SQ	0	23,574.97	11,776	11,799	1,573	6.67	7.5
391.12	Information Systems								
	Fully Accrued			1,820.65	1,821	0	0	-	-
	Amortized	5-SQ	0	615,447.42	198,141	417,306	123,116	20.00	3.4
	Total Account 391.12			617,268.07	199,962	417,306	123,116	19.95	

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2012

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost at December 31, 2012	Book Reserve	Future Book Accruals	Calculated Annual Accrual		Composite Remaining Life
							Amount	Rate	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)=(6)/(7)
392.2	Transportation Equipment - Trailers	16-L4	0	139,968.44	38,749	101,219	9,402	6.72	10.8
	Tools, Shop and Garage Equipment								
394	Equipment	25-SQ	0	2,219,703.21	1,069,603	1,150,100	88,683	4.00	13.0
394.11	CNG Facilities	14-L3	0	335,308.07	249,148	86,160	23,440	6.99	3.7
	Total 394			2,555,011.28	1,318,751	1,236,260	112,123	4.39	
395	Laboratory Equipment	20-SQ	0	9,781.80	6,175	3,607	489	5.00	7.4
396	Power Operated Equipment	17-L1.5	25	258,254.72	83,967	109,724	12,196	4.72	9.0
398	Miscellaneous Equipment								
	Fully Accrued			3,290.19	3,290	0	0	-	-
	Amortized	15-SQ	0	119,675.52	47,452	72,224	7,981	6.67	9.0
	Total Account398			122,965.71	50,742	72,224	7,981	6.49	
	TOTAL GENERAL PLANT			4,863,056.32	2,717,321	2,081,171	323,705	6.66	
	TOTAL DEPRECIABLE PLANT			313,797,139.57	129,506,126	267,969,946	7,341,838	2.34	
	UNRECOVERED RESERVE TO BE AMORTIZED								
391.1	Furniture				(78,543)		26,181 ***		
391.11	Equipment				(1,342)		447 ***		
391.12	Information Systems				(1,102)		367 ***		
394	Equipment				(50,635)		16,878 ***		
395	Laboratory Equipment				2		(1) ***		
398	Miscellaneous Equipment				(1,628)		543 ***		
	TOTAL UNRECOVERED RESERVE TO BE AMORTIZED				(133,248)		44,416		
	AMORTIZABLE PLANT								
303	Misc. Intangible Plant			2,924,339.05	1,187,281	1,737,058	1,149,329	**	
375.71	Structures and Improvements - Leaseholds			63,643.11	25,916	37,727	25,916	**	
	TOTAL AMORTIZABLE PLANT			2,987,982.16	1,213,197	1,774,785	1,175,245		
	NONDEPRECIABLE PLANT								
301	Organization			521.20					
304	Land			7,678.39					
374.1	Land			206.00	(19)				
374.2	Land			878,533.97					
	TOTAL NONDEPRECIABLE PLANT			886,939.56	(19)				
	TOTAL GAS PLANT			317,672,061.29	130,586,056	269,744,731	8,561,499		

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
** Accrual rate based on individual asset amortization.
*** 3-Year amortization of unrecovered reserve related to implementation of amortization accounting.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

93. Please provide net salvage statistics (Pages III-92 through III-136 of Part III – Results of Study) in Excel executable format with all formulae intact and cells unlocked.

Response:

Please refer to response to AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

94. Please provide calculated remaining life depreciation accrual data (Pages III-137 through III-179 of Part III – Results of Study) in Excel executable format with all formulae intact and cells unlocked.

Response:

Please refer to response to AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

95. Please provide copies of all workpapers underlying the depreciation study prepared by Mr. Spanos and submitted in response to Filing Requirement #6-n. Provide in hard copy and, when applicable, in electronic format (Excel) with all formulae intact.

Response:

The information requested is provided in other responses to AG DR Set 1. The workpapers can be found in response to AG-DR Set 1-074, AG DR Set 1-086, AG DR Set 1-097 and AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

96. Please provide all information obtained by Mr. Spanos and/or Gannett Fleming from the Company operating personnel, and separately, financial management personnel relative to current operations and future expectations in the preparation of the depreciation study. All information should be provided in the same format it was provided to Mr. Spanos. Also, please provide all notes taken during any meetings with Company personnel regarding this study. Please identify by name and title, all Columbia personnel who provided the information, and explain the extent of their participation and the information they provided.

Response:

Please refer to response to AG DR Set 1-097.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

97. Please identify all plant tours taken during the preparation of the depreciation study.

    a. Provide the date(s) of which each plant tour occurred.

    b. Provide a description of all locations visited and the activities and equipment viewed.

    c. Identify those in attendance and their titles and job descriptions.

    d. Provide all conversation notes taken during the tour.

    e. Provide all photographs and images taken during the tour.

Response:

a) The plant tours conducted for this study were performed on February 4 and 5, 2013.

b) The notes in part (d) set forth locations and assets visited.

c) The following persons were in attendance:

Name	Company
John Spanos	Gannett Fleming
Fred Johnston	Gannett Fleming
James Cooper	Columbia Gas of Kentucky
Gary Sullivan	Columbia Gas of Kentucky
Zane Souder	Columbia Gas of Kentucky

Kevin Sollie (via telephone) Columbia Gas – Nisource

d) Please see the attached file for notes taken during field visits.

e) Please see the attached file for photographs taken during field visits.

Columbia Gas of Kentucky 8:30 James Cooper, Zane, Gary Sullivan

Measurement and Regulating

- Losing some due to AMR Program - Regulating - Distr.

- Downsizing and Rebuilding Measuring

Has been going on for 10 yrs but accelerated in last 2 yrs

- Retaining some assets due to not needing w/ readings

Regulation causing change

Should complete w/in 2 more years -

Industrial

Expect District Station changeout to be done in 20 yrs

- Change station to dual run

Design issue w/ odorizer at Conoco w/ new

Have seen a handful of factory customers

Some in buildings owned by customers

Regulating Stations - in buildings but trying to remove

Currently have 20 U/G stations

- Trying to bring above ground - about 2/yr.

Most new installations are fenced

New SCADA buildings being built

Distr. site to dual lines for regulation

Water Bath Heaters being replaced regularly

2 to 3/yr - South Shore, Big's Lane, Winchester Farms

- 20-30 yrs of service

Regulators have last long

Removing charts and installing electronics

- New stations being installed w/ electronics

AMR Structures

- Fencing
- Buildings

MANY SMALL

- Doing a lot of maintenance to keep buildings up

Possible elimination due to AMR program

- Old buildings - Brick or Block
- All new buildings are metal

Most are 10x10' structures

A few as big as 20'x20'

Structures

Paris Area

- Hoping to Remodel or Rebuild
- No plans to leave location
- May go to Steel Bldg

Winchester

- Resurface Parking Lot
- Decent Structures

Lexington Headquarters

- Have Remodeled in last 3 months
- Painted inside of building
- Possible Resurface of Parking Lot
- Some Boiler Issues

Maysville

- Leased

MT. STERLING LOCATION
- LATE 1960S/1970S
- SMALL STRUCTURE/GARAGE

~~CI~~/ MAINS
CI/ BARE STEEL PROGRAM
- ORIGINALLY HAD A 30 YR PROGRAM
- HOPE TO BE DONE IN 20 YRS
- 2008 STARTED

ALL CAST IRON AND ALL BARE STEEL
EXCEPT CATHODICALLY PROTECTED
21 MILES
1170 TOTAL MILES OF PIPE
8 MILES OF 500 MILES OF BARE STEEL

CI AND BARE STEEL BEING REPLACED BY PLASTIC
12" COATED STEEL AND HIGH PRESSURE - NEW
6" PLASTIC
SOME OLDER COATED STEEL IS 3" AND 4"
HAVE DONE SOME RAMP UP OF COATED STEEL BUT MOSTLY DUE TO PROGRAM
PLASTIC WILL CONTINUE TO INCREASE
EARLY GENERATION PLASTIC WAS BAD - SEEMS TO CRACK EARLY
- LATE 1960S/EARLY 1970S
HOPE TO GET CLOSE TO 100 YRS FOR SOME PLASTIC

SERVICES
GET REPLACED WITH CI AND BARE STEEL PROGRAM
~~SF~~ 1989 CGKY HAS DONE ALL INSTALLATIONS
- PLASTIC SERVICES NOT REPLACED WHEN CI AND BARE STEEL REPLACED
SOME TIMES WHEN ON OTHER SIDE OF ROAD

Steel Services Get Replaced when Meter is moved to outside

High Services Replacement when Meter move out increased

- Should not continue in years to come

- Do a lot of Plastic Service Inserts into Steel Services

Some Boring if Depth is a factor

Mains have specific costs assigned to Removal

Services Allocated hours to Removal

If Abandoning then specific costs

LP System in Lexington - has PCB issues and classified as ARO

Currently $4.3M

A lot of cost based on Meters

Meters

No Program yet

All Meters being installed w/ AMR component

House Regulators

47 Regulator inside

Generally outside

Inspect at Meter change or when off for connection

2003 Changed Process of Charging costs

Installation cost started being book to Acct. 383 instead of 384

7.2

Most likely have been Replaced

Old Teed Line has been Replaced

87.4

TRY TO IMPLEMENT AMORTIZATION

ASSUME ANYTHING OLDER THAN 30 YRS TO BE RETIRED

392.2

MANY HAVE ALREADY BEEN REPLACED

MOST FROM THE 1990S SHOULD HAVE BEEN RETIRED

Lexington Headquarters 10:00

Office

Jim Beam Regulating Station 10:45

(2) [illegible] Stacks

(3) [illegible] - New

Soon to have electronics Bldg

(4) Regulators - Fisher

550 lbs ⇒ 200 lbs

(5) Dual Meas & Reg Equipment - Jim Beam

[illegible] Regulating Station 11:20

(6) Heater

(7) Block Valve

(7) Regulator Bldg

(7) Communication Bldg

Dual Run Facility

1987 Construction

Turner Regulating Station 11:30

(8) Regulating Bldg

(9) Heater - Soon to be replaced

(10) Regulating Runs - Mooney

550 lbs ⇒ 220 lbs

[illegible]o Construction

[illegible] Remote Robots

①

Columbia Gas of KY   8:30 a.m.   2/5/13

Zane Sounder
James Cooper
Gary Sullivan
Kevin Sollie (T)

I. M+R
A. Any Programs

(398) - AMRP → Doing Away w/ Some Stns (District Stns) Next 20 Years
(385) - Metering → Downsizing Some Stns (Some Rebuilding) (Removing Correctors/Mots. And Using Primarily Metering) (Better Regulation)
Industrial M+R (385)
- Functionality Is Remaining Same (Just Better Tech.)
→ Will Probably Continue For Next 2 Years

(398 Only) - New Facilities Are 2 Runs vs. 1 Run (Redundancy)
- Planning To Replace Odorizer Tank (Orig. ~1987) (Like Condco)
- More Rets Than Adds In 385 Due To Plant/Customer Closures
- Some In Bldgs/Some Outside
- District M+R's Are A Mix Inside/Outside/Bldgs (~20 U.G. → Trying To Get Above Ground)
→ Some Coming Out As Result Of AMRP
- Majority of New Installs Are Fenced vs. Inside Bldgs
- Some SCADA Bldgs
- Water Bath Heaters (Replaced 3 In 2012) Several (3) More To Be Replaced In 2013 (Guesstimated @ 20-30 Year Lives On Those Heaters Being Replaced) (Replaced w/ Similar Type Equip.)

- Avg Asset Life ≅ 40 yrs Is ~~Really~~ Pretty Accurate For CKY
- Possible Tfr of $ From 378 To 375 → Fencing
- Structures M+R
  - ① Not Uncommon To Have Some Very Old Bldgs (Replace/Repair As Necessary) No Plan/Program To Replace
  - ② More Targeted For Elimination Rather Than Replacement
  - ③ Older Bldgs Are Brick/Block
  - ④ All New Bldgs Are Metal (Typical Is 10'x10'

- Possible Repl. of Paper Charts w/ Electronic EQ As Necessary

B. Service Centers

- Paris
  - Still In Operation (No Plans To Get Rid Of It)
  - May Be Remodeled/Rebuilt
- Winchester
  - No Plans
  - Maybe Resurface Parking Lot
- Lexington HQ
  - Remodel And Painting w/ Last 3 Mos
  - Painted Entire Inside
  - Maybe Resurface Parking Lot
  - Having Issues w/ Boiler
- Maysville/Sterling (Late 60s/Early 70s)
  - K.S. Researching To Determine Where This May Be Classified

C. MAINS

- CAST IRON / BARE STEEL REPL. PLAN IN PROGRESS
- ORIGINALLY 30 YEAR PLAN (2008)
  → NOW AHEAD OF SCHEDULE (MAYBE 20 YEARS)
  ↓
  FROM NOW OR 2008?

→ 21 MILES LEFT

- REMOVING ALL C.I. AND ALL BARE STEEL (EXCEPT CATHODICALLY PROTECTED STEEL) → ONLY 8 MILES (OUT OF 500 MILES)

→ ALL MAINS = 1,500 MILES
- MOSTLY REPLACED w/ PLASTIC (USUALLY 6" AND LESS)
- COATED STEEL (12" + UP OR HIGH. PRESSURE)
  - SLIGHT INCREASE LAST 5 YRS
    ↳ THIS IS ~~BEC~~ PRIMARILY DUE TO REPL PROGRAM
    ↳ 7 MILE PROJECT IN 2006
    ↳ EFFORT TO CONTINUE MOVING FORWARD
- PLASTIC
  ↳ GROWTH EXPECTED TO CONTINUE
  ↳ SOME EARLY GENERATION PIPE THAT WILL NOT LAST AS LONG (LATE 60s / EARLY 70s)
  ↳ CURRENT PLASTIC ~~are~~ SHOULD LAST AS LONG AS OTHER PIPE TYPES
- PCBs (ARO) → LOW PRESSURE SYSTEM IN LEXINGTON

D. SERVICES

- MOST SVCS ARE REPLACED w/ ~~BY~~ MAIN REPLACEMENT (IF EXISTING SVC IS COMPLIANT, IT IS NOT REPL)
- SINCE 1989 ALL SERVICES THAT ARE REPLACED ARE DONE BY CKY STAFF
- IF STEEL SVC + MTR IS MOVED, SVC IS REPLACED

- Several Years Ago, A Portion Of Service Repl. Was Accelerated
- Plastic Service In Primarily (≈ 80%) Are Inserted In Existing Steel)

* - COR Is Allocated As % of Install Cost For Services (% Not Known @ Time Of Mtg

E. Meters

- No 100% AMI Conversion Planned

* → K.S. Ving To See If AMI Meters Are Going On Books As Meters And AMI (Separate Property Units)

- All Meters Being Installed As AMI Beginning In 2011/2012

F. House Regulators

- Only 47 Regs. Inside Homes In KY
- ~~[illegible]~~
- Inspected @ Mtr Δ (Replaced If Necessary)
- " @ Connect
- 2003 They Began Charging To Acct 383 (This Was A Δ) (Whole Cost Began Going To 383 vs 383 & 384)

G. Odorization (387.2)

* → K.S. To Research As To Whether Those Assets Actually Exist, Or If Reserve Needs Trans From 378.

↳ This Is An Odorizer Owned By CKY + Operated By TEKO

↳ Also Line E Has Been Retired

5

A. 387.4 Customer Info Svcs
- Communication w/ Gen. Plant Amortization
* → Incorporate 2013 Rets To Be Made In This Account

→ Remove Anything Older Than 30 Years

I. 392 (Trailers)
- Most Have Been Replaced
- James Believes Everything From 90's And Earlier Have Been Retired
* → James Is Going To ✓ on This

Field Trip

Measuring and Regulating Station

Field Trip Notes

Station Name	Jim Beam Plant			
Date Constructed				
GF Attendees				
Company Attendees				
Date of Visit	2/5/17 10:45a.m.			
Type of Station	City Gate ☐	District ☑		
		Indoor / Outdoor / Both	Underground : Y / N	
Source of Gas				

Lines in

No.	From	Pressure	Pipe Size	Notes
		500#		

Lines out

No.	To	Pressure	Pipe Size	Notes
		220#		

Major Equipment

No.	Type	Vintage	Manufacturer	Notes
✓	Boiler / Heater	2012		
✓	SCADA			
✓	Regulators (2)		Fisher → Big Gtns	(Mooneys on smaller)
	Odorization			
	Structures			
✓	Fence			

Comments:

New Heater
Blow Off Stacks / Pressure Relief
Single Line (2 Regs) w/ Bypass
Measurement set for Jim Beam Plant

Measuring and Regulating Station

Field Trip Notes

Station Name	Toyota Plant		
Date Constructed	1987		
GF Attendees			
Company Attendees			
Date of Visit			
Type of Station	**City Gate** ☐	**District** ☑ Customer	
		Indoor / Outdoor / Both	Underground : Y / N
Source of Gas			

Lines in

No.	From	Pressure	Pipe Size	Notes

Lines out

No.	To	Pressure	Pipe Size	Notes

Major Equipment

No.	Type	Vintage	Manufacturer	Notes
✓	Boiler / Heater	1987		OLD STYLE
✓	SCADA			
✓	Regulators		FISHER	
	Odorization			
✓	Structures (1)			(METAL) 6' x 6'
	FENCE			

Comments:

DUAL RUN (2 OF EVERYTHING)

Measuring and Regulating Station

Field Trip Notes

Station Name	TURNER STN.			
Date Constructed	≅ 1990			
GF Attendees				
Company Attendees				
Date of Visit				
Type of Station	City Gate ☐	District ☐		
		Indoor / Outdoor / Both	Underground : Y / N	
Source of Gas				

Lines in

No.	From	Pressure	Pipe Size	Notes
		530 #		

Lines out

No.	To	Pressure	Pipe Size	Notes
		220 #		

Major Equipment

No.	Type	Vintage	Manufacturer	Notes
✓	Boiler / Heater			OLDER STYLE (TO BE REPL 2013)
	SCADA			
✓	Regulators (4)		MOONEY	
	Odorization			
✓	Structures (2)			20x20 + 8' x 8'
	FENCE			

Comments:

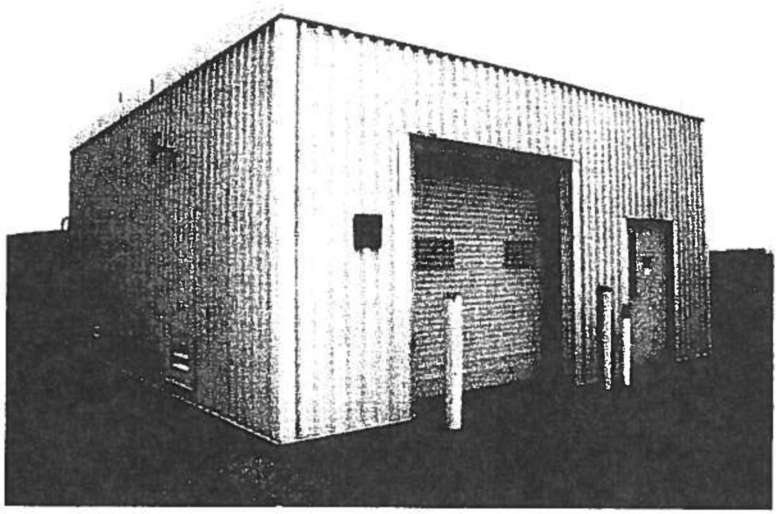
OLDER STATION

REMOTELY CONTROLLED

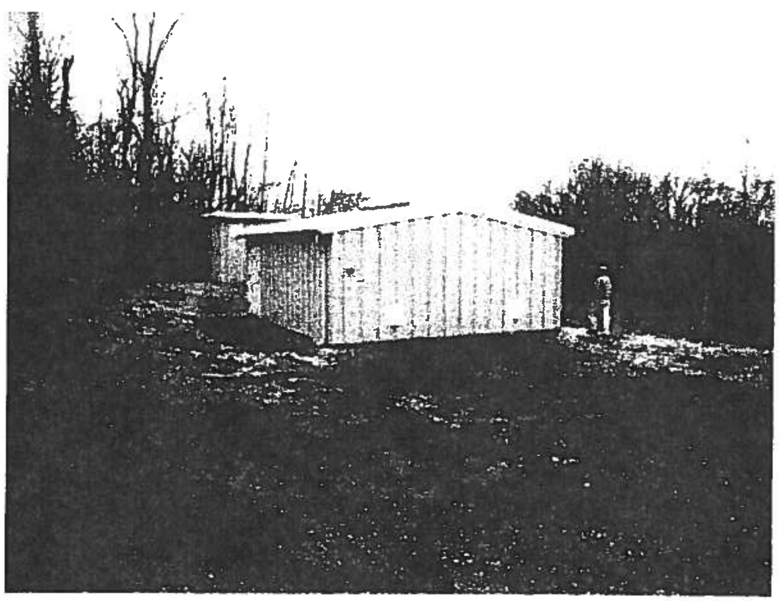
2 DUAL RUNS EACH w/ BYPASS

COUMBIA GAS OF KENTUCKY

Account 375.34, Structs & Improv. – Meas. & Regulating February 5, 2013



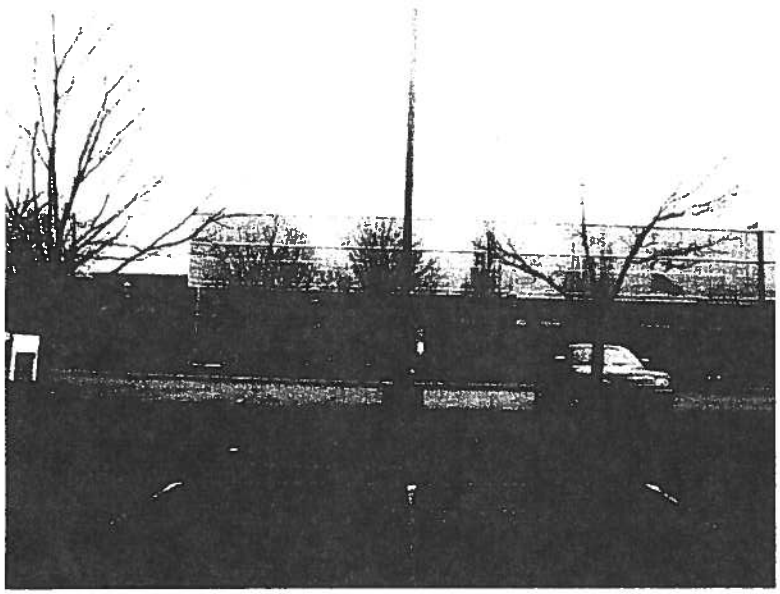
Regulator Building at Toyota Regulating Station



Regulator Building at Turner Regulating Station

COUMBIA GAS OF KENTUCKY

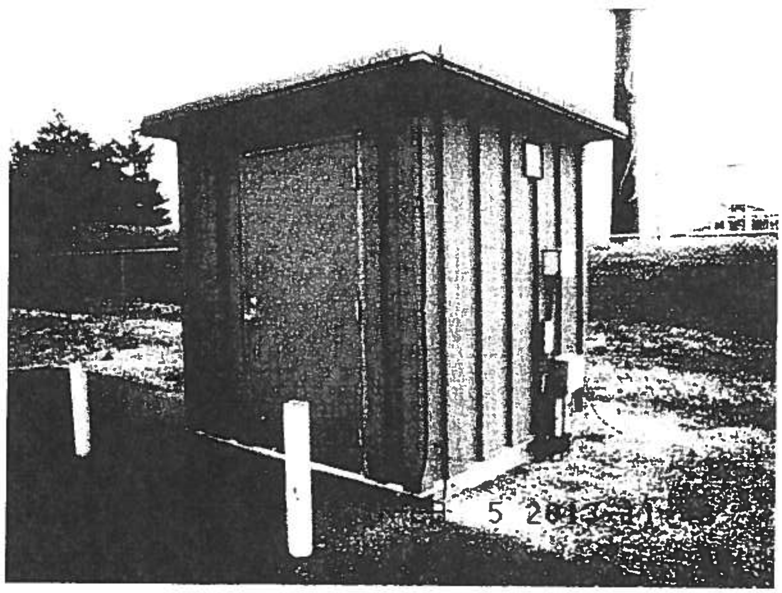
Account 375.7, Structs & Improv. – Other Dist. Sys. Structures   February 5, 2013



Lexington Headquarters Building

COUMBIA GAS OF KENTUCKY

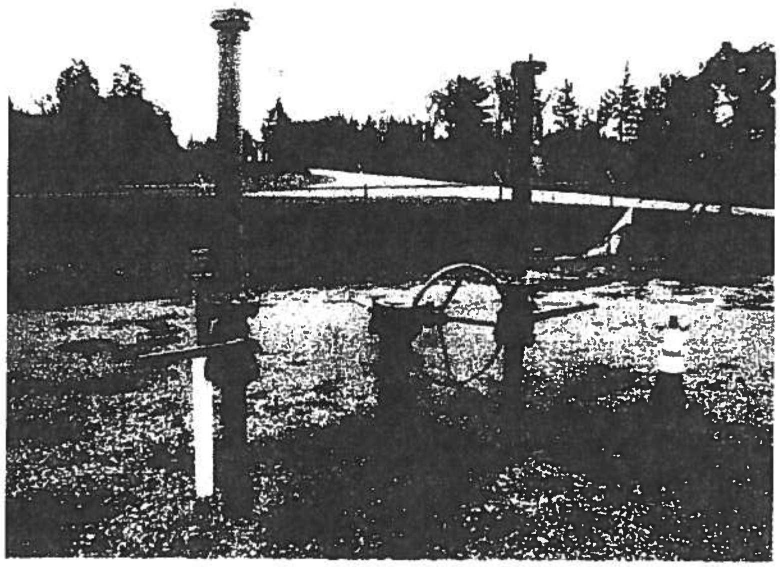
Account 375.8, Structs & Improv. – Communication February 5, 2013



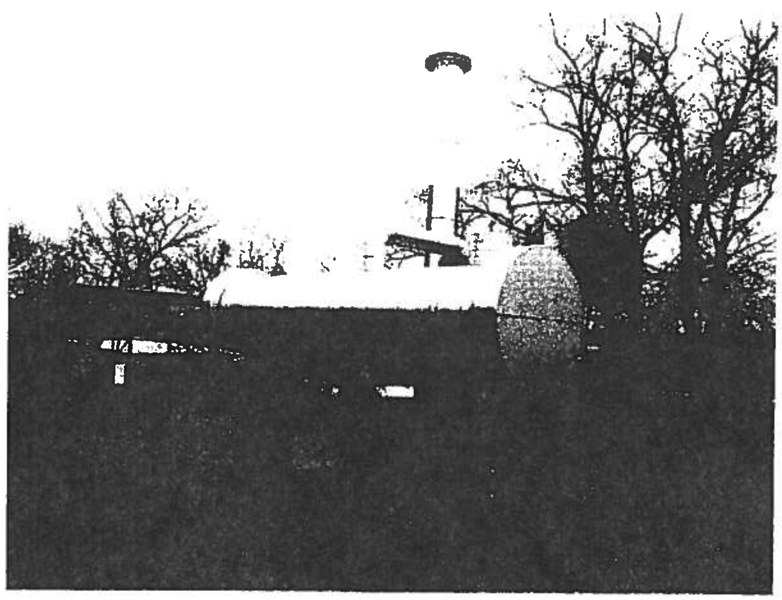
Communication Building at Toyota Regulating Station

COUMBIA GAS OF KENTUCKY

Account 378, Meas. & Regulating Station Equip. February 5, 2013



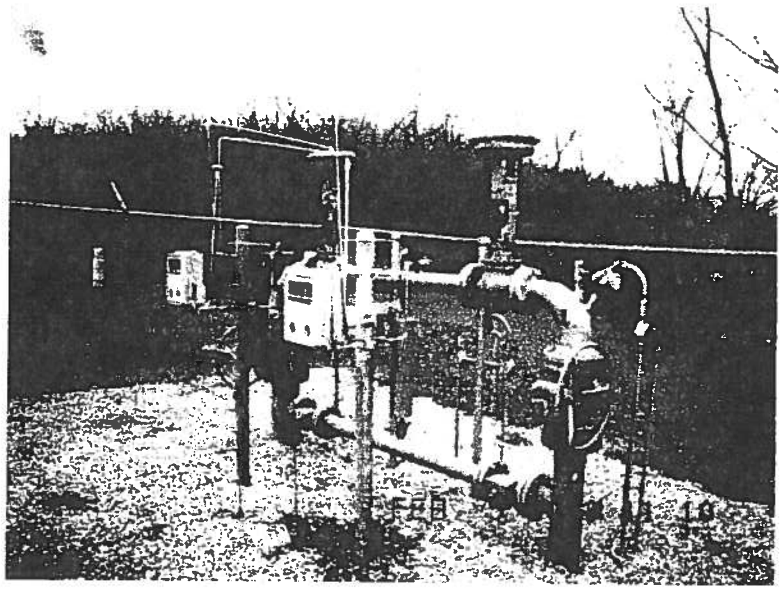
Blow off Stacks at Jim Beam Regulating Station



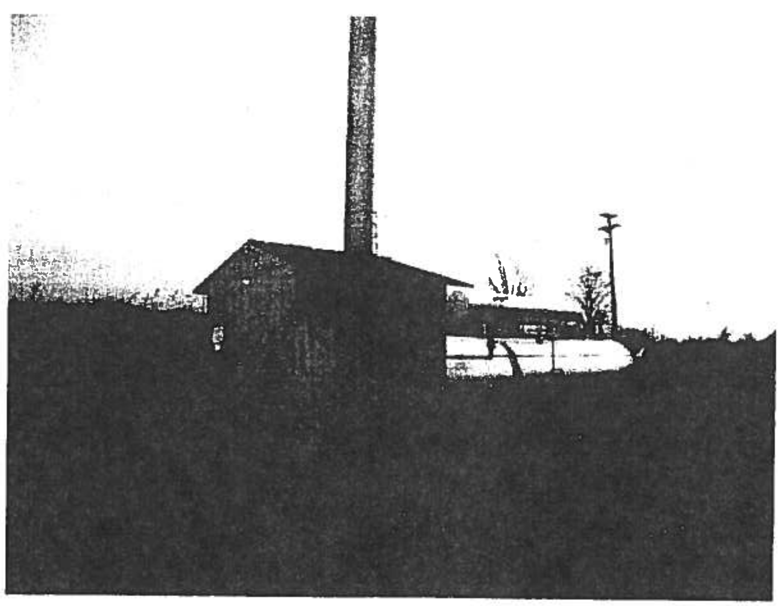
New Heater at Jim Beam Regulating Station

COUMBIA GAS OF KENTUCKY

Account 378, Meas. & Regulating Station Equip. February 5, 2013



Fisher Regulators at Jim Beam Regulating Station

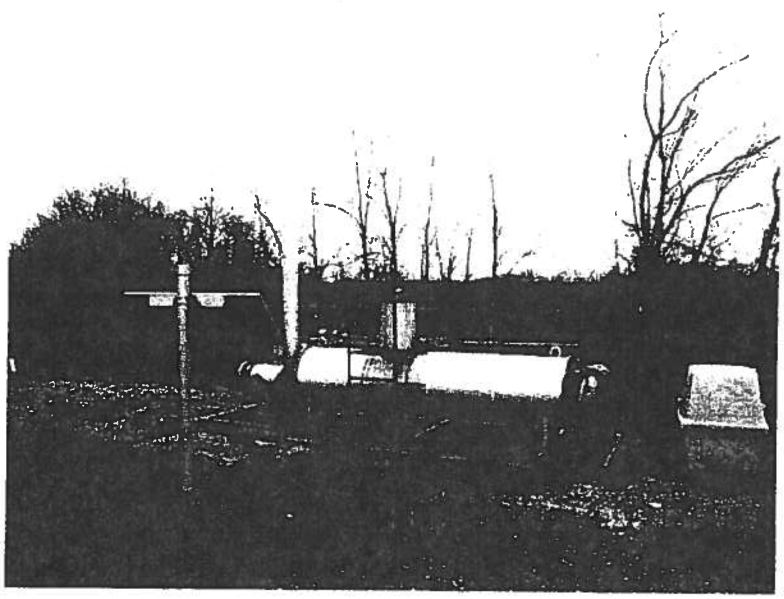


Heater at Toyota Regulating Station

COUMBIA GAS OF KENTUCKY

Account 378, Meas. & Regulating Station Equip. February 5, 2013

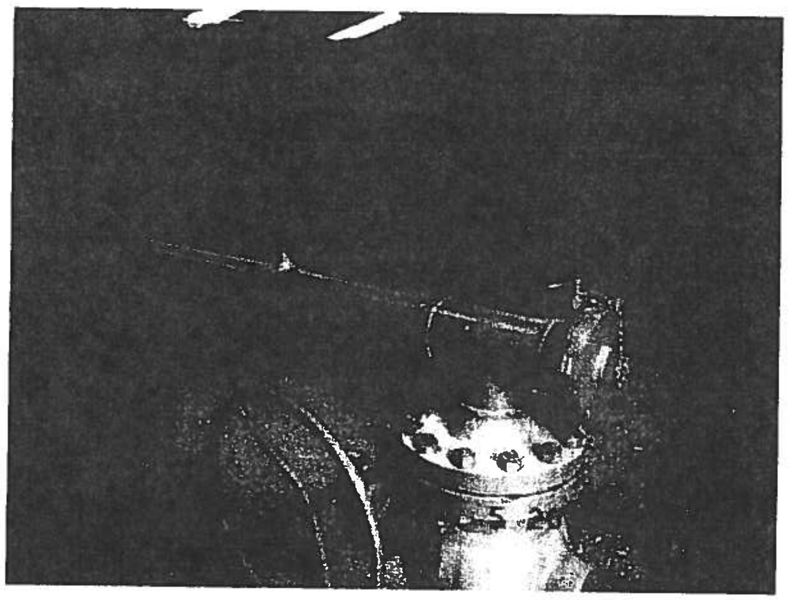
Block Valve at Toyota Regulating Station



Heater at Turner Regulating Station

COUMBIA GAS OF KENTUCKY

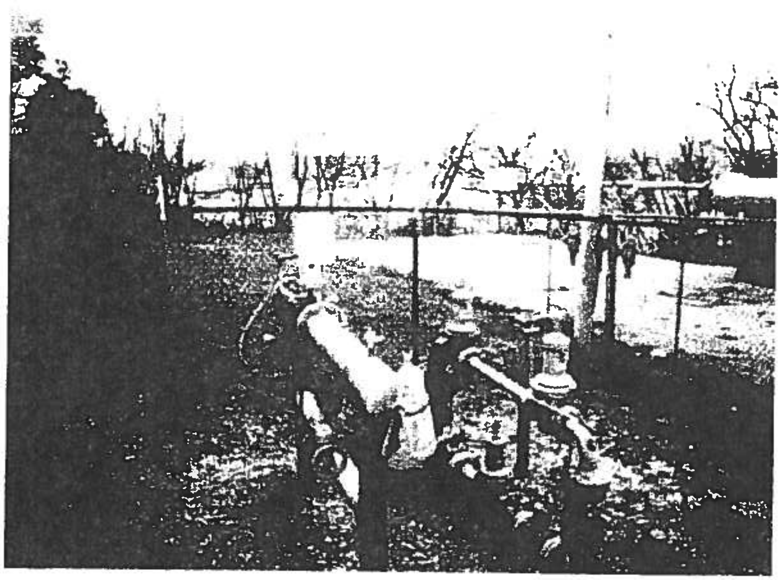
Account 378, Meas. & Regulating Station Equip. February 5, 2013



Regulator Runs at Turner Regulating Station

COUMBIA GAS OF KENTUCKY

Account 385, Indust. Meas & Reg Sta Equip-Other Than Meters February 5, 2013



Meter Set for Jim Beam Facility

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

98. Provide all internal and external audit reports, management letters, consultants' reports etc. from 2010-2012, inclusive, which address in any way, the Company's property accounting and/or depreciation practices.

Response:

There are no audit reports, management letters, or consultant reports from 2010-2012 that reference Columbia's property accounting and/or depreciation practices.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

99. Please provide copies of all Board of Director's minutes and internal management meeting minutes from 2010-2012, inclusive, in which the subject of the Company's depreciation rates or retirement unit costs were discussed.

Response:

There have been no discussions regarding Columbia's depreciation rates or retirement unit costs in Board of Director's or internal management meeting minutes.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

100. Please provide copies of all industry statistics available to Mr. Spanos and/or Columbia relating to gas or common depreciation rates. Also, identify all industry statistics upon which Mr. Spanos or the Company relied in formulating the depreciation proposals.

Response:

Please refer to response to AG DR Set 1-086. The industry statistics were considered in determining the most appropriate life and salvage parameters.

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

101. Please provide a copy of the Company's current capitalization policy. If the policy has changed at all since 2010, please provide a copy of all prior policies in effect during any portion of that period. Please identify and explain all changes since the last depreciation study which might affect depreciation rates.

Response:

Please see Columbia's response to AG data request Set 1 No. 101 Attachment A for Columbia's most recent capitalization policy. The revisions to the policy made in April 2013 are highlighted in the attached document. These revisions have no impact on depreciation rates.

NiSource NISOURCE GAS DISTRIBUTION

POLICY SUBJECT: NGD Capital Allocation and Authorization Policy

EFFECTIVE DATE: **May 5, 2008**

LAST REVISION: **April 1, 2013**

NiSource Gas Distribution ("NGD") is committed to making prudent capital investment decisions that provide safe, efficient and reliable service to our customers while delivering sustainable earnings growth and value to our shareholders. To achieve these results, this **NGD Capital Allocation and Authorization Policy** has been adopted for the NGD operating companies.

This policy is aligned with and governed by the **Corporate Capital Allocation Policy** and supersedes any prior capital authorization policy for NGD companies in its entirety. Each operating company and its employees involved in capital spending and retirement activities are expected to be familiar with and follow this policy.

Table of Contents

Section 1: Definition and Overview

This policy applies to any activity resulting in the creation of a capital asset, recording of a capital expenditure, capital investment, and acquisition or divestiture of an asset.

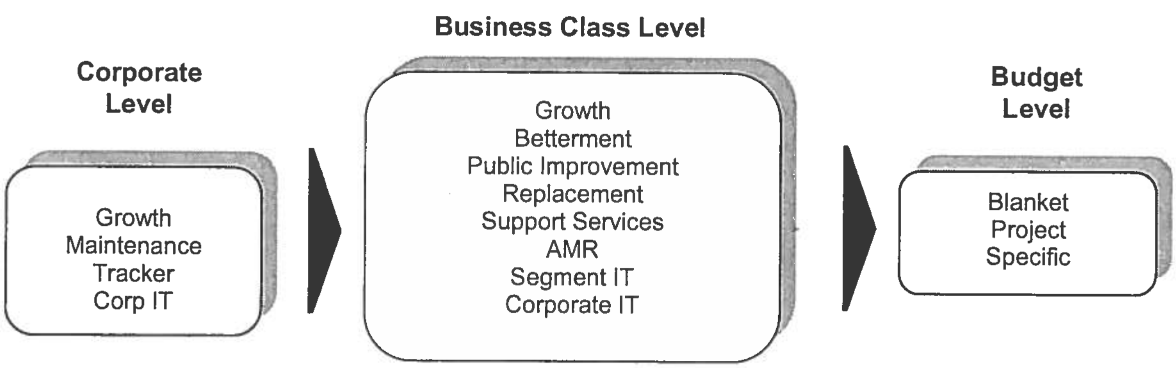
The capitalization threshold for the purchase of "General Plant" equipment is **$1,000 per individual unit**. Therefore, any expenditure for an individual unit totaling less than $1,000 should be charged to the appropriate operating expense account. This threshold will be consistently applied throughout each NGD operating company.

General Plant consists of the following type of equipment:

a) Office furniture and equipment (desk, chair, cabinet, table, etc.)
b) Tools and equipment (paving breaker, leak detector, pipe locator, etc.)
c) Computers and related equipment (personal computer, printer, scanner, etc.)
d) Miscellaneous equipment (breathing equipment, refrigerator, card reader, etc.)

The basis for determining whether a purchase of general plant equipment is to be expensed or capitalized should generally be determined by the individual or unit price of the item and not the invoice total[1]. Employees should consult with the Controller for any further guidance or clarification regarding the capitalization of a cost or project.

Figure 1 represents a hierarchical relationship among the corporate, business class, and budget levels.



[1] For instance, the purchase of 30 flat screen monitors at a unit price of $400 each is to be expensed even though the invoice totals $12,000.

1.1 Corporate Level

At the corporate level, capital expenditures are divided into **Growth, Maintenance, Tracker or Corporate IT.** In order to achieve alignment, relevance, and execution across the NGD operating companies, capital expenditures are further allocated across eight (8) business classes as described in the following section.

1.2 Business Class Levels

1.2.1 Growth (also referred to as "New Business")

Spend in this category will typically be non-discretionary in nature and shall be used for any facilities that are required to serve new tariff mandated customers. It is recognized that on occasion there may also be discretionary spend opportunities for long-term strategic growth initiatives.

This category shall also be used for ***Growth Betterment***, which are capital investments that provide increased system capacity to specific new customers and/or existing customers who are adding load that require the new installation or replacement of existing facilities that are insufficient (i.e. improvements to upstream distribution facilities).

1.2.2 Betterment ("Capacity" or "Compliance")

Spend in this category may be either discretionary or non-discretionary. This category shall be used for any facilities that are required to improve system reliability or provide additional capacity for existing customers. Projects to address long-term market growth shall also be included in this category.

Finally, this category shall be used for any projects needed to remain compliant with internal or external policies that are not "age and condition" related (e.g. pipeline integrity). This is referred to as "Compliance Betterment".

1.2.3 Replacement (also referred to as "Age and Condition")

Spend in this category is typically non-discretionary and shall be used for any facilities that must be replaced (planned or emergency) due to damage or physical deterioration in situations where repair is not feasible. The majority of projects in this category address aging infrastructure.

However, there are several other project types that are to be included here such as regulator station rebuilds, corrosion mitigation, and small/large volume meter settings. Engineering should be consulted for further clarification(s).

1.2.4 Public Improvement (also referred to as "Mandatory Relocation")

Spend in this category is typically non-discretionary and shall be used for any facilities that must be relocated or raised/lowered to meet the requirements of municipal roadway reconstruction projects. Relocation projects that are done to accommodate requests from existing customers or private entities shall also be included in this category.

1.2.5 Support Services

Spend in this category may be either discretionary or non-discretionary. This category shall be used to capture capital expenditures that are not directly related to the installation of distribution facilities. This includes expenditures for capitalized tools/equipment and small facility improvements (e.g. operations center office renovations).

1.2.6 Segment IT

Spend in this category may be either discretionary or non-discretionary and includes capital investments in information technology that is *specifically identified and sponsored by the NGD management team*. These costs will typically *be charged directly to NGD operating companies* and will be managed by applicable NGD business units with assistance from NiSource Corporate IT.

1.2.7 Corporate IT

Spend in this category may be either discretionary or non-discretionary and includes capital investments in information technology that is *allocated to NGD and the other NiSource business segments*. These costs will typically *pass through the NGD operating companies as NCS expenditures* and will be managed by NiSource Corporate IT with assistance from applicable NGD business units.

1.2.8 Automated Meter Reading (AMR)

Spend in this category is of a strategic nature and include the cost of targeted AMR deployment programs for the NGD operating companies.

Section 2: Budget Types

To facilitate the budgeting and tracking of capital expenditures within the business classes described in section 1.2 of this policy, the allocation of capital is further refined into three (3) budget levels: **Blanket, Project,** and **Specific**:

Blanket Budget is used to designate construction or retirement activity related to the numerous and relatively small capital activities[2] that are of a routine and recurring nature. Generally, there is no signature approval required prior to the commencement of work for each work order.

Project Budget is used to designate construction or retirement activity related to a unique project that generally requires an engineering design and construction work plan. A Project Budget is typically routine and recurring in nature and may consist of a collection of related Blanket Budgets. Signature approvals are generally required prior to the commencement of work; however, verbal and/or electronic approvals are also acceptable.

Specific Budget is used to designate construction or retirement activity related to a unique project that has a total cost estimate greater than **$1,000,000**[3] and generally requires an engineering design accompanied with a construction work plan. Capital costs for related blanket work orders shall be used in the economic analysis and business case summary, but the actual work orders do not need be submitted with the Specific Budget.

Signature approvals are generally required prior to the commencement of work; however, verbal and/or electronic approvals are also acceptable. Once a Specific Budget has been approved, any associated job orders may be subsequently approved subject to the approval levels outlined in section 5.

Section 3: Planning and Management Process

As with other business segments, the capital planning and allocation process for NGD is integral to the overall success of the NiSource corporate planning process. In order to ensure the effectiveness of this process, the Capital Program Management[4] team has been established to:

a) Maintain the NGD Capital Allocation and Authorization Policy and function as the primary administrator and contact for the capital program.
b) Facilitate a consistent capital allocation and planning process across NGD.

[2] Example: *Install, Service Lines (New Business).*
[3] Gross basis (not including any aid to construction or customer deposits)
[4] This team is part of the NGD Engineering & Operations Logistics organization.

c) Provide capital prioritization tools to optimize capital spending across NGD.
d) Provide long-term facilities planning solutions across all business classes.
e) Monitor capital expenditures using appropriate forecasting and variance analysis methods/models.
f) Communicate capital expenditure information to the financial planning, regulated revenue, operations, and corporate planning management teams.

Section 4: Budget Development and Allocation Process

The capital budgeting and planning process for NGD is a continual management process and includes the following key milestones in preparation for subsequent year capital expenditure programs:

April – May:	**Annual Capital Review meetings are held and engineering begins developing grass roots budget estimates using a budget template provided by the Director, Capital Program Management.**
June:	**Budget templates returned to Director, Capital Program Management.**
June – July:	**Director, Capital Program Management merges budget templates into one consolidated plan for the distribution companies.**
July – August:	**Formal request for capital is presented to the Capital Allocation Group[5] ("Capital Allocation") and the Executive Council at the annual corporate capital planning meeting (timing and location to be determined each year).**
September – October:	**Capital budget is finalized by the Executive Council**
November – December:	**President and CEO presents final budget request to Board of Directors for approval. Approved capital budget is distributed to distribution company leadership teams and planning organizations.**

4.1 Annual Capital Review

Every year during the months of **April and May**, the Director, Capital Program Management will facilitate meetings with the Engineering Department to discuss, in detail, progress on the current year's capital program as well as any expected capital requirements for the following year. It is understood that capital needs for the following year will be preliminary during this review and that further study will be done before the annual corporate capital planning meeting held in July/August.

These reviews should include a summary of any material changes in new business activity for the current year as well as any betterment projects resulting

[5] This team is part of the NiSource Financial Planning & Analysis organization.

from winter operations. Engineering should also be prepared to provide a status update of any infrastructure replacement programs.

4.2 Prioritization and Risk Assessment

Capital prioritization and risk assessment models will be administered by Engineering to ensure consistency, continuity, and optimization. Maintenance related projects planned for the subsequent year will be reviewed and selected using these assessment models[6].

4.3 Long Range Capital Investment Plan

Preparation of the multi-year capital investment plan will begin in **April** each year. In order to assemble information in the most consistent format, the Director, Capital Program Management will provide templates to the Engineering Department to prepare their formal requests for capital. These templates will include the following:

a) Categorized line item estimates for each Business Class Level. For instance, the "Replacement" business class will include line items for main replacement, meter installations, service lines, and peak shaving facilities.
b) Project detail information by business class for Specific Budgets including brief project description/location and program year estimate(s).
c) Annual estimates for contributions, reimbursements, aids to construction, and refunds.
d) A consolidated summary showing gross and net capital expenditures by year and business class.
e) A separate listing of projects that meet the following criteria (gross expenditures):
    - Maintenance projects/programs greater than $20MM
    - Growth projects greater than $3MM
    - Corporate projects greater than $1MM
f) Additional quantitative and qualitative information to support capital requests (e.g. rate case or regulatory tracker impacts).

All submittals will be generally due in **June**. During the months of **June and July**, templates will be consolidated into multi-year plan and submitted to Capital Allocation for further review and approval.

Section 5: Reviews and Approvals

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[6] These models include Optimain DS ® for replacement and the current betterment assessment model (BAM) administered by Gas Systems Planning.

This section includes descriptions of the types of review and approvals covered under this policy, including information related to the documentation required to obtain approvals. Approval may be indicated by either providing a written signature or by electronic approval in a system that has appropriate corporate approved controls.

5.1 Annual Program Approval

During **November or December** of each year, the NiSource Board of Directors approves the following fiscal year capital program for all business segments. The approval of the annual program constitutes approval of allocations to business classes and budgets as defined by Engineering. Once approved, each distribution company is responsible for efficiently managing its capital expenditures.

5.2 Project and Specific Budget Approval

Any planned capital project involving the installation or retirement of distribution facilities will have an associated design capital work order[7]. This work order should include a budget quality estimate of the total cost of work to be performed. Project budget review and approval requirements are based on the total capital invested amount over the entire life of the project. Once a work order is approved, any associated costs (i.e. labor/material invoice payments) are implicitly approved.

Capital approval and authorization levels are outlined in **Table 1** on the following page. Please note that these are the *minimum* signatures required for approval and local management teams may elect to have additional approvals (e.g. operations center managers, general managers, etc.). NGD Engineering is primarily responsible for capital project approvals and this table prescribes the level of approval authority for each project type. Any project with a total cost estimate in excess of **$1,000,000**[8] is considered a *Specific Budget* (see definition in section 2) and requires *minimum* signature approval at the Director level.

Specific Budgets and projects are often revised after approval for updates such as current contract or material pricing. Such revisions do not require new approvals provided the estimated amount remains within the level already approved and there is no significant change in scope.

[7] Defined as a single work order with a unique reference number for the work being performed accompanied by a work plan, work order sketch, and other necessary information
[8] Gross basis (does not include any aid to construction or customer deposit)

A standard business case template provided in **Appendix A** must be completed for any Specific Budget. An alternate template provided in Appendix AA may be used for priority pipe replacement projects. A work order sketch or other applicable design drawing should be attached to the business case when routing it for approval. Templates may be revised as necessary to provide information in the most relevant and accessible format. Capital Program Management will also provide any needed assistance in completing the specific budget request template.

Table 1 – Capital Approval Matrix

		Level of Capital Expenditure and Minimum Required Approvals				
Approval Level	**Growth**	**Tracker: Betterment Replacement Public Improvement**	**Maintenance: Betterment Replacement Public Improvement**	**Support Services**	**Segment IT and Corporate IT**	**AMR**
≤ $50K	Field Engineering Technician					
≤ $100K	Field Engineer			Applicable Manager	NCS IT Manager	Manager AMR/AMI Programs
≤ $250K	Leader Field Engineering					
≤ $750K	Manager Engineering					
≤ $1.5MM	Director Engineering			Director Capital Program Management		
≤ $3MM	VP Engineering & Construction					
> $3MM	NGD Chief Operating Officer NGD Chief Financial Officer					
> $5MM		For Projects greater than $5 Million refer to table 3 for Corporate Approval Requirements				

5.3 *Additional New Business Approval*

In addition to project approvals as described in section 5.2, accompanying signature approvals are required for new business ("growth") projects.

Table 2 shown on the following page prescribes the appropriate new business approval levels in addition to the minimum required approvals outlined in **Table 1** shown above. The approvals provided in **Table 2** apply to those distribution companies where the New Business team[9] is involved in the project evaluation and approval process.

It is recognized that under certain circumstances (i.e. securing an 'at risk' load addition or increase), it may be appropriate to either waive a customer contribution requirement or depart from the "standard" economic analysis model. Under these "non-standard" circumstances, new business projects must include a higher level of approval as outlined in **Table 2**.

Finally, a business case must be submitted along with any other approvals (i.e. NLRS approvals for Columbia companies) for any new business project with gross estimated capital expenditures greater than **$1,000,000**. The standard business case template provided in **Appendix A** should be used for these instances.

Table 2 – Additional Signature Approvals for New Business

Approval Level	Growth
≤ $25K	NB Rep or Sr Rep or Development Mgr, or Major Account Rep
≤ $100K	NB Team Leader or Sr Rep or Development Mgr.or Major Account Rep
≤ $250K	NB Mgr or Mgr Development or Mgr LCR
≤ $750K	Director NB or Director LCR
≤ $1.5MM	Director New Business or Director LCR
≤ $3MM	VP Sales & Marketing
> $3MM	Chief Commercial Officer
> $5MM	For Projects greater than $5 Million refer to table 3 for Corporate Approval Requirements

5.4 Corporate Review and Approval

Threshold values that initiate corporate review and approval of a capital project are based on the total capital invested over the entire life of the project and not just the current budget year. **Table 3** provides guidelines that trigger this additional approval:

Table 3 – Guidelines for Corporate Review and Approval

Project Status or Type	Project Category	Project Size	Review Form
Included in current Approved Capital Program	Betterment, Replacement, Public Improvement, Support Services	>$20MM	Capital Allocation Review **Standard Form**
	Growth or New Regulatory	>$5MM	

[9] These teams are part of the NGD Customer Engagement organization.

	Tracker		
Incremental to current Approved Capital Program	Any	<$5MM	Capital Allocation Review **Short Form**
	Any	>$5MM	Capital Allocation Review **Standard Form**
Shift of Capital Dollars between Budgets	Growth to Growth Growth to Maintenance Maintenance to Growth	>$5MM	Capital Allocation Review **Short Form**
Merger, Acquisition, Divestiture, or External Investments	With material retained liabilities	<$5MM	Capital Allocation Review **Short Form**
	Any	>$5MM	Capital Allocation Review **Standard Form**

When a capital project satisfies the criteria for corporate review, the capital allocation review forms (standard and short) referenced in **Table 3** must be submitted and may be found in the appendices of the **Corporate Capital Allocation Policy**. Capital Allocation should be notified and review forms should be submitted at least 30 calendar days prior to making any contractual commitments. Contractual commitments should not be entered into without prior approval of the business case.

All projects subject to corporate review which are greater than **$5 MM** must be reviewed by the *Risk Management Committee (RMC)* and all projects greater than **$25MM** must be approved by the NiSource Board of Directors. A project which is less than $25MM may be submitted to the Board of Directors for approval at the discretion of the CEO.

5.5 Engineering Peer Reviews

NGD Engineering has adopted a peer review process to ensure the most favorable project design alternatives are considered and to validate the necessity of the proposed capital investment. The peer review panel will include cross-functional representatives from across NGD depending on the type of project under consideration.

Projects subject to a peer review and approval include the following:

a) All projects requiring Corporate Approval as outlined in section 5.4 of this policy.
b) All gas transmission class facilities equal to or greater than **$1,000,000**[10].
c) Any project as requested by the Director Engineering

[10] Gross basis (does not include aid to construction or customer deposit)

Engineering peer reviews are a key part of the long range capital planning process and shall be completed prior to all management signature approvals for the project under consideration. The reviews should be done once the conceptual design is complete and well in advance of any preliminary project expenditures (i.e. right-of-way acquisition, contract bidding, etc.).

5.6 *Project Management Team*

In order to effectively manage large construction projects, the Project Management team has been developed within the NGD Engineering organization. In coordination with field engineering, construction, supply chain, and other key groups, this team is responsible for managing growth and maintenance projects meeting the following criteria[11]:

a) All transmission class pipelines
b) All point of delivery stations
c) Any large diameter steel pipeline and/or large footage steel pipeline project(s)
d) Projects requiring significant oversight such as environmental concerns, right-of-way acquisition, and increased public and political awareness
e) Any project requested by the Directors of Engineering and Consruction.

5.7 *Pre-Construction Review*

The most effective project management team is one that consists of multiple disciplines (e.g. Operations, Engineering, Regulatory, Accounting, Supply Chain, etc.) working together to ensure that proper financial and process controls are in place. This is critically important for major construction projects or when dealing with complex operational and/or financial issues. With this in mind, an integrated project management team should be formed to complete a pre-construction review during the earliest planning phase for capital investments **exceeding $5MM** (on a gross basis).

The project manager responsible for assembling the review team will be appointed by the NGD Engineering and Construction Directors. The project manager will be responsible for working with key business partners such as accounting and internal audit to develop a project template along with necessary control documents to ensure that proper accounting procedures are followed to capture complete and accurate project costs. Project management controls will also be developed for critical project and contract administrative activities prior to project construction. Finally, these control documents will be reviewed and approved by the project management team prior to exiting the project initiation phase.

[11] With approval of NGD Manager, Engineering for the operating company

Section 6: Completed Project Evaluations

6.1 Cost and Benefit Tracking

A Cost and Benefit Tracking Report must be completed for each project that qualified for corporate review and approval (see section 5.4). The project sponsor should deliver the report to Capital Allocation no later than 60 calendar days from the project in-service date.

Table 5 provides a summary of the necessary information to be included in the report. In some instances, this information may not be applicable to the project and should be noted in the report. In the event that information is not available to answer questions at the time of the report is made, a subsequent review date should be scheduled.

Table 5 – Cost and Benefit Report: Required Information

Information Type	Key Points
Revenue	• A comparison of revenues provided in the business case versus revenues expected over the next 60 months. • An explanation of any significant differences between revenues forecasted in the business case and those being provided in the report.
Cost	• A comparison of the capital and O&M costs in the business case versus an updated forecast of costs for the next 60 months, if applicable. • Indicate the level of certainty of the forecasted costs at the time of this report and highlight assumptions being used to provide the comparison to the business case costs. • An explanation of any significant differences between costs forecasted in the business case and those being provided in the report.
Timing	• An explanation of any significant differences between forecasted project timelines and actual schedules. • If applicable, please indicate any financial impact (favorable or non-favorable) that was incurred by a delay of the project.

6.2 Post Audit Review

Each distribution company may be required to participate in random or targeted post-audit reviews carried out by Capital Allocation and Internal Audit. Projects are subject to post-audit review at any time during or after completion. Any projects qualifying for corporate review and approval (see section 6.4) which vary from budget quality estimates by greater than a Level 2 Variance will be subject to review by Audit. Post audit reviews will also be carried out at the request of Executive Management.

The review may cover any relevant aspect of a project including but not limited to:

a) Changes in the project nature and scope review.
b) Variance analysis from the original timeline.
c) Variance from the originally proposed expenditures and revenues.
d) Capital allocation changes.
e) Recalculation of financial models based on changing strategic goals, model input assumptions, cash flows, discount rates, etc.
f) Risk factors that may have changed since the inception of the project

A Post-Audit Review report will be generated by Internal Audit and Capital Allocation and conveyed to the operating segment and the Executive Council. The review will include audit goals, processes, findings, suggested or required remedies, and notable successes.

Section 7: Budget Variance Explanations

7.1 Program Variance

Each month, Capital Program Management will lead a capital program review session with key management staff in engineering, construction, planning and scheduling. These sessions will include a review of current month and year-to-date actuals, variance explanations, year-end forecasts, and key management action plans.

7.2 Specific or Project Budget Variance

Level 1 Variance: Once it is known that the cost of an approved Specific or Project budget will vary by greater than **+/- 10% or $5,000** (whichever is greater), the project manager will submit a written explanation outlining the reason for the variance. At a minimum, Level 1 variance explanations should include a summary of changes in the project's nature that significantly impacted the cost such as material increases, unexpected construction challenges, and inclement weather delays.

Level 2 Variance: As soon as it is determined that a Specific or Project budget will vary by greater than **20% or $50,000** (whichever is greater), the budget must be re-approved according to the approval limits applicable to the new amount. This should be done prior to the completion of the project. A standard template is provided in **Appendix B** and must be completed for any Level 2 variance.

Appendix A

Specific Budget Business Case Request – Standard Form
Signature Page

NiSource™	Specific Budget Request	
Project Information		
Project Name	Project Name	
Project Sponsors	Sponsor Name(s)	
Company	Company Name	
Business Class	Business Class (i.e. Growth, Betterment, Public Improvement, IT, etc.)	
Amount and Term	$XX million, XX years	
Reference Number:	Specific Budget Number / Project ID / Work Order	
Approval Authority		
	Signature	**Date**
Field Engineering Manager		
Director Engineering		
VP Engineering & Construction		
VP Sales & Marketing		
NGD Chief Commercial Officer		
NGD Chief Operating Officer		
NGD Chief Financial Officer		
Note: Titles & Signatures should be added or deleted based on Table 1 & 2 of the Capital Approval Matrix Starting w/ Manager and Above		
Additional Conditions		
List conditions placed by sponsors or signatories for project to be authorized. Use "None" if there are not any.		

Appendix A
(Continued)

Specific Budget Business Case Request – Standard Form
General Information

To:	Director Engineering	**cc:**	Director Capital Program Management
From:	Sponsor Name and Title	**Company:**	Company Name
Subject:	Project Name	**Date:**	DD/MM/YYYY

Project Description & Overview
- Provide a short introduction describing the project's nature and benefits.
- Indicate how investment supports LDC goals and NiSource strategic initiatives.
- List expected project start and completion dates.
- Discuss whether investment is an ongoing project or program.
- Provide high-level financial impact (i.e. annualized costs, NPV, IRR, etc.).
- Offer any other notable information.

Alternative Solutions
- Indicate alternative solutions evaluated and why they were not pursued.
- Describe any bidding process performed and name(s) of bidders involved.
- Discuss analysis performed and tools used (e.g. Optimain, SynerGEE, etc.).

Risks and Mitigation
- List potential risks and applicable mitigation strategies (i.e. Financial, Operating, Market & Customer, Legal & Regulatory, Environmental, Health & Safety)

Success Criteria
- No safety related incidents (vehicle crashes or injuries) to company personnel, contract personnel, customers or the public related to project activities.
- Performance measures (i.e. output, cost savings, benchmarks, etc.) that define project success.
- Schedule of milestones, expected timing, and any payments due at milestones.

Financial Analysis
- Provide summary of analyses performed and outcomes (e.g. NPV, IRR, etc.)
- Include key assumptions used in creating the financial model
- Sensitivity Analysis - Discuss key project drivers / sensitivities. The sensitivity analysis should also be displayed as a financial table.

Additional Information
Provide other information or attach other documents, memos, presentations, charts, etc. useful in evaluating the project.

Appendix AA

Specific Budget Request – For Replacement Type Projects
Signature Page

NiSource	Specific Budget Request	
Project Information		
Project Name	Project Name	
Project Sponsors	Name of Field Engineering Leader	
Company	Company Name	
Business Class	Business Class (Replacement or Public Improvement)	
Amount and Term	$XX million, XX years	
Reference Number:	Specific Budget Number / Project ID / Work Order	
Approval Authority		
	Signature	**Date**
Field Engineering Manager		
Director Engineering		
VP Engineering & Construction		
NGD Chief Operating Officer		
NGD Chief Financial Officer		
Note: Titles & Signatures should be added or deleted based on Table 1 & 2 of the Capital Approval Matrix Starting w/ Manager and Above		
Additional Conditions		
List conditions placed by sponsors or signatories for project to be authorized. Use "None" if there are not any.		

Appendix AA
(Continued)

Specific Budget Business Case Request – For Replacement Type Projects General Information

To:	Kevin Swiger Director Engineering	**cc:**	Robert V. Mooney Director Capital Program Management
From:	Sponsor Name and Title	**Company:**	Company Name
Subject:	Project Name	**Date:**	DD/MM/YYYY

Project Description & Overview
- Location: (city)
- Engineer/Technician:
- Project ID#:
- Total Estimated Cost:
- Estimated Main Replacement Cost:
- Estimated Service Line Replacement & Meter Move-Out Cost:
- Existing MAOP:
- New MAOP:
- # of Service Lines to Replace:
- # of Meter Move-Outs:
- # of Reconnects:
- Summary of Main(s) (length, size and kind) to be Installed:
- Summary of Main(s) (length, size and kind) to be Retired:

Alternative Solutions
- Indicate alternative solutions evaluated and why they were not pursued for situations where the new MAOP will remain LP. Otherwise "None".

Elimination of Risk
- Optimain Combo Risk Score:
- Optimain Risk Score per $100k of Project Cost:
- # of Single Optimain Projects w/ Risk Scores > 50:
- # of Top 50 Optimain Projects in Area (): *Example…2 (#4, #39)*

Success Criteria
- No safety related incidents (vehicle crashes or injuries) to company personnel, contract personnel, customers or the public related to project activities.
- Performance measures (i.e. output, cost savings, etc.) that define project success.
- Schedule of milestones, expected timing, and any payments due at milestones.
- Potential risk factors (i.e. land acquisition, permit approval, etc.)

Appendix B

"Level 2" Budget Variance Explanation – Standard Form

Note: If applicable, please attach original Specific Budget Business Case Request – Standard Form and a work order sketch or design drawing detailing the work to be done.

Project Name: ______________________
Project Sponsor(s): ______________________
Original Budget Amount: ______________________
Amount Requested: ______________________
Budget Variance $ Amount / Percentage: $XX,XXX / XX%

Brief Project Description

[Provide a short introduction describing the project's nature and benefits]

[List expected project start and completion dates]

Cost Element Change

	Original ($)	Current Estimate ($)
Material		
Contract Labor		
Company Labor		
Overheads		
Right-of-Way		
Other		
Other		
Other		

Reason for Budget Variance

[Provide a summary of key reasons for the budget variance.]
[Highlight reasons for cost element changes provide above.]
[Discuss action plans to avoid future reoccurrences.]

Approvals

	Signature	Date
Leader, Field Engineering		
Manager, Field Engineering		
Director Engineering		

Appendix C

NGD Capital Policy Frequently Asked Questions

Where can I get a copy of the Corporate Capital Allocation Policy? A copy of the corporate policy is available via MySource from the Gas Distribution Engineering portal.

Why is the capitalization threshold for the purchase of General Plant equipment $1,000? FERC provides general guidance regarding the capitalization of certain items and specific thresholds are further defined by each company's management team. For NiSource, a $1,000 capitalization threshold for general plant equipment has been established by NiSource's Corporate Controller.

Many items that we use such as fittings and AMR devices are less than $1,000 per individual unit and even collectively in certain circumstances. Should these be capitalized or expensed? AMR devices, pipeline fittings, and other items that are attached to capitalized assets such as meters, pipelines, etc. are considered capital asset appurtenances and should be capitalized regardless of cost and quantity. For further clarity on unique purchases, please consult with the Segment Controller.

Are software costs capitalized or expensed? Statements of Position (SOP) have been developed by the American Institute of Certified Public Accountants to provide more detailed accounting instructions for costs handled inconsistently across companies. Accounting for computer software costs can be found in SOP 98-1, which can be found via MySource in the Gas Distribution Engineering Portal.

What are examples of project types that should be placed in "Compliance" Betterment? Compliance betterment is reserved for those projects that are not of an "age and condition" nature. Such projects typically improve the operation of a system without increasing its capacity. Other projects included here those that are done to fulfill internal/external procedural requirements. Examples include installation of critical valves.

When is the best time to have an engineering peer review? An engineering peer review should be done once the conceptual design of the project is complete. Depending on the size of the project, this may be 12 to 18 months before the anticipated start date of the project.

Appendix D

Use of Optimain DS® for Maintenance Capital Prioritization

Introduction

Opvantek's Optimain DS® ("Optimain") has been implemented for the NGD operating companies to establish consistent guidelines and processes for prioritizing the replacement of aging infrastructure. This application will be the primary tool used by Engineering to support infrastructure replacement programs.

Optimain is a gas main predictive failure software application that utilizes NiSource legacy work management and customer information systems. It provides a complete risk evaluation for each priority pipe main segment within the gas distribution system that has experienced a leak. This solution identifies and ranks projects based on risk, consequence and economics to enable better capital allocation decisions for NGD.

System Maintenance and Administration

Optimain will be maintained and administered by the Leader, Capital Allocation and Asset Management ("Capital Allocation Leader"). These activities include but are not limited to the following:

a) Coordinating quarterly updates of all data from the aforementioned legacy systems with the first quarterly update to be completed in early-February each calendar year.
b) Running batch processes to create new or update all existing projects
c) Providing support with training or system troubleshooting
d) Facilitating monthly reviews of system performance and utilization including checking for invalid projects, leaks without projects, or other anomalies possibly created by user error.
e) Requesting, developing, and evaluating necessary system enhancements from Opvantek.
f) Preparing reports and analysis utilizing Optimain data to show trends in system performance, etc.

Appendix D
(Continued)

Capital Budgeting and Allocation

The infrastructure replacement program (IRP) capital budgeting and planning process for NGD is a continual management process and includes the following key milestones:

Feb 15 – Mar 31:	**Using Optimain to identify riskiest segments, Field Engineering teams should review and update any previously designed Combo Projects and High Priority Single projects and finalize the estimates for program submission.**
April:	Field Engineering Leaders from each state and the Capital Allocation Leader will review IRP submissions for consistency and appropriate prioritization.
April - May:	Capital Allocation Leader and Field Engineering Leaders will generate state by state metrics and analyses of proposed projects (e.g. Total Risk, $/Risk, O&M Savings Projections) for support of their IRP submissions
May - June:	Field Engineering Managers will review and approve IRP projects for submittal as part of their overall Capital Budget.

Use of Optimain DS® for Maintenance Capital Prioritization

Using Optimain to Identify Combo and High Risk Single Projects

Field Engineering should take ownership and generate a ranking of their area's high priority segments and review each project to look for opportunities to create IRPs including as many highest risk segments as practical. All adjacent segments which are being considered and have an Optimain single project created should be included to capture the entire Combo risk value.

Field Engineering should also perform a preliminary review of all remaining High Priority single projects to further assess any risk mitigation or replacement activities which may be recommended in addition to any IRP recommendations. Comments and/or actions taken should be added to the design notes area in Optimain.

Reports and Analysis

Metrics for each IRP and high risk single projects being submitted should include Total Risk, Capital $$ per Risk, Projected O&M Savings and any other compelling reason to approve the project. The Optimain project report should be submitted as well. State goals should include these metrics in addition to the total retired pipe footage.

The Capital Allocation Leader will work with the Engineering Managers to roll these reports into a statewide report and comparison to be reviewed by the Director Engineering, Director Capital Program Management, and Vice President Engineering & Operations Logistics.

Appendix D

Quarterly Reviews and Activities

After each Optimain DS update, Field Engineers who own Optimain projects should review their project list to determine if any projects can be completed or if some should be prioritized differently. Predefined filters will easily separate any projects which have been created or modified. Suspected areas of active corrosion should also be identified using predefined filters and further evaluated.

After Optimain has been updated, the Director Capital Program Management will lead a program review session with key management staff in engineering regarding the latest month and year-to-date actuals on metrics and year-end forecasts. Key management action plans about any variances or reallocations of capital will be made at that time.

Appendix E

CDC Construction and Retirement Standard Blanket Budget Definitions

The following is a list of "distribution" and "general" construction and retirement standard blanket budget definitions for the Columbia companies. For a complete list that includes definitions for 'production" and "storage" capital investments, please visit the Gas Distribution Engineering portal on MySource.

Blanket Budget Definition	Const. 107	Ret. 108	Business Class
<u>Acquisition or Sale of Gas Plant in Service: Non-Affiliated Companies</u> To provide for the purchase or sale of gas plant in service (including the price of associated land) to or from non-affiliated parties.	543	544	Support Services
<u>Acquisition or Sale of Gas Plant in Service: Affiliated Companies</u> To provide for the purchase or sale of gas plant in service (including the price of associated land) to or from an affiliated Columbia System Company.	545	546	Support Services
<u>Electronic Flow Computers/Correctors</u> To provide for the installation and retirement of Electronic Flow Computers/Correctors for electronic correction of volume data for GMB (excess pressure) meters where pressure, temperature and super compressibility correction is necessary	547	548	Betterment
<u>Automatic Meter Reading Devices</u> To provide for the installation and retirement of automatic meter reading devises on residential, commercial and industrial meters. (Automatic meter reading devices are associated with low pressure meter applications only where no pressure and temperature correction is necessary).	549	550	AMR
<u>Mains - New Business</u> Extensions to distribution lines to serve new customers.	555	- -	Growth

Blanket Budget Definition	Const. 107	Ret. 108	Business Class
Mains - Leakage Elimination Replacement and retirement of distribution lines which are found to be leaking and beyond the state of economical repair.	557	558	Replacement
Mains - Service Improvement Replacement, retirement or addition of distribution lines in order to improve service to customers.	559	560	Betterment
Mains - Street Improvement Replacement and retirement of distribution lines due to street-highway construction or requirement of others.	561	562	Public Improvement
Service Lines – New Installation of any category of new company owned service line to supply service to new customers.	563	- -	Growth
Service Lines - Replacement Replacement and retirement of any category of company owned service line due to condition, insufficient capacity, changes in operations, etc.	565	566	Replacement
Meters[12] Purchase and retirement of all meters regardless of size both for new customers and replacement meters to be retired. This budget to include only the cost of meters plus stores expense and testing expense.	567	568	Growth Replacement
Meter Installations – New Installation of all low pressure meter settings to serve new domestic, commercial and industrial customers.	569	- -	Growth
House Regulators – New Includes the cost of the regulators and installation required to serve new customers. A house regulator is defined as one with fewer than two inch connection.	571	- -	Growth
Plant Regulators – New Purchase and installation of town plant regulators.	573	- -	Growth
Regulator Sites Cost of securing or retiring regulator sites including price of the land.	575	576	Growth
Regulator Structures – New Structures required to house new regulation equipment.	577	- -	Growth
Meter Installations – Replacement Replacement and retirement of existing low pressure meter settings for all domestic, commercial and industrial customers.	579	580	Replacement
House Regulators – Replacement Includes the cost of replacement and retirement of existing house regulators and installation. A house regulator is defined as one with fewer than two inch connection.	581	582	Replacement
Plant Regulators – Replacement Replacement and retirement of town plant regulators.	583	584	Replacement

[12] Percent allocation between growth and replacement varies by NGD operating company

Blanket Budget Definition	Const. 107	Ret. 108	Business Class
Regulator Structures – Replacement Replacement and retirement of structures required to house regulation equipment.	585	586	Replacement
Large Volume Excess Pressure Measuring Station Installations Installation of equipment (additions, retirements and replacements) for all excess pressure measuring stations.	587	588	Growth Replacement
Service Regulators – New Purchase and installation of regulation equipment with two inch connections and over for new customers.	593	- -	Growth
Corrosion Mitigation Installations Provide for the installation and retirement of all types of distribution cathodic protection systems.	595	596	Replacement
Service Regulators – Replacement Replacement and retirement of regulation equipment with two inch connections and above.	597	598	Replacement
Office Furniture and Equipment To provide necessary office furniture and equipment to properly carry on the utility's operations and to replace or retire obsolete equipment upon which maintenance has become excessive.	901	902	Support Services
General Structures To provide for the additions, retirements or replacements to structures and equipment of sundry gas properties not provided for elsewhere.	903	904	Support Services
Miscellaneous Buildings Equipment To provide for essential equipment required for general use to carry on operations economically and efficiently and to replace or retire obsolete equipment with more modern and efficient equipment.	905	906	Support Services
Miscellaneous Motorized Equipment To provide for essential non-licensed and numbered general tool equipment required for general use to carry on operations economically and efficiently and to replace or retire obsolete equipment with more modern and efficient equipment.	907	908	Support Services
Communications Equipment To provide for additions, replacements, retirement and alterations to microwave, telephone, telemetering, remote control, and other distribution communication equipment.	909	910	Support Services
Electronic Data Processing (EDP) Equipment To provide for additions, replacements and retirement of all EDP related equipment.	911	912	Segment IT
Electronic Data Processing (EDP) Software To provide for EDP software used for operation of EDP networks pertaining to operations where capitalization is deemed applicable.	913	914	Segment IT

Blanket Budget Definition	Const. 107	Ret. 108	Business Class
Miscellaneous To provide for the purchase, replacement and retirement of miscellaneous minor distribution items not otherwise provided for.	915	916	Support Services
Alternative Fuel Vehicle Equipment To provide for the purchase, replacement or retirement of fueling equipment for natural gas, propane, methanol or other alternative vehicle fuels.	917	918	Support Services
Inter-Company Transfers: CDC To provide for the purchase or sale of equipment, including meters, to or from a Columbia Distribution Company.	998	999	Support Services

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

102. Please provide a copy of the Company's 2009, 2010, 2011 and 2012 annual reports to the KY Public Service Commission. Please reconcile the December 31, 2012 plant shown in the depreciation study with the EOY 2012 plant shown in the 2012 Commission Report, and provide a complete explanation for each difference.

Response: Please see AG DR Set 1 No. 102 Attachment A in its own bound volume for copies of Columbia's 2009, 2010, and 2011 annual reports to the KY Public Service Commission. The 2012 report can be found in Columbia's application Volume 1 Tab 48.

2012 FERC FORM 2 (12-96) Page 209 annual report Balance at End of Year (g) agrees with column (D) Base Period Total Company Investment from Schedule B-3 Columbia Gas of Kentucky Case No. 2013-00167.

Schedule B-3 column (I) agrees with the December 31, 2012 plant shown in the depreciation study.

Schedule B-3 column (H) represents the difference between the depreciation study and the annual report. The difference represents adjustments related to assets that were identified in the depreciation study field audit as assets that should have been retired per book accounting records prior to December 31, 2012. These assets were retired retroactively in January 2013.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

103. Please provide all tabulations included in the depreciation study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the depreciation study. Please provide this and all electronic data in Excel, with all formulae intact. Please provide any record layouts necessary to interpret the data. Include in the response electronic spreadsheet copies of all of the schedules and/or tables included in the depreciation study, with all formulae intact. Identify and explain any and all unique spreadsheet formulae or assumptions required to recreate in their entirety all of Mr. Spanos' calculations given his inputs.

Response:

The attached files on the CD attached set forth all tabulations included in the depreciation study and all data necessary to recreate in their entirety, analyses and calculations performed in the depreciation study.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

104. For *each* plant account, and for each year since the inception of the account up to and including 2008, please provide the following standard depreciation study data as identified at pages 27-30 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). At a minimum, the data provided should be the same data set used to conduct the life analyses included in the depreciation study. Please provide the data in electronic format (Excel or .txt). Provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system.

Code	**Data** Type
9	Addition
0	Ordinary Retirement
1	Reimbursement
2	Sale
3	Transfer – In
4	Transfer – Out
5	Acquisition
6	Adjustment

7	Final retirement of life span property (see NARUC Manual, Chapter X)
8	Balance at Study Date
	Initial Balance of Installation

Response:

Please refer to response to AG DR Set 1-103.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

105. If the depreciation study data provided in response to the preceding question is not the exact set of data used to conduct the life studies for the depreciation study submitted in this case, please explain all differences and reconcile the amounts provided to those used in the depreciation study.

Response:

The data provided in response to AG DR Set 1-103 are the same as what was used to produce the results presented in the Depreciation Study.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

106. Please provide the proposed depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.

Response:

The attached schedule, Attachment A, sets forth the proposed depreciation rates split into three components.

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES BY COMPONENT RELATED TO GAS PLANT AS OF DECEMBER 31, 2012

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost as of December 31, 2012	Book Reserve	Future Book Accruals	Calculated Annual Accrual Amount	Calculated Annual Accrual Rate	Capital Recovery Rate	Cost of Removal Rate	Gross Salvage Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)	(10)	(11)
	DEPRECIABLE PLANT										
	DISTRIBUTION PLANT										
	Land and Land Rights										
374.4	Land Rights	70-R2	0	616,570.15	140,226	476,344	11,011	1.79	1.79	0.00	0.00
374.5	Rights-of-Way	75-S4	0	2,666,571.20	803,512	1,863,059	34,261	1.28	1.28	0.00	0.00
	Total Account 374			3,283,141.35	943,738	2,339,403	45,272	1.38			
	Structures and Improvements										
375.34	Measuring and Regulating	48-S0.5	(15)	1,142,576.46	408,231	905,732	34,253	3.00	2.61	0.39	0.00
375.7	Other Distribution System										
	Other Buildings	Square *	0	7,032,785.62	2,610,279	4,422,507	141,644	2.01	2.01	0.00	0.00
	Distribution System Structures	37-S2	0	130,419.64	79,736	50,684	3,251	2.49	2.49	0.00	0.00
	Total Account 375.70			7,163,205.26	2,690,015	4,473,191	144,895	2.02			
375.8	Communication Structures	35-S2	0	33,260.58	32,864	397	33	0.10	0.10	0.00	0.00
	Total Account 375			8,339,042.30	3,131,110	5,379,320	179,181	2.15			
376	Mains										
	Cast Iron	70-R1.5 *	(15)	273,248.40	218,796	95,440	5,053	1.85	1.61	0.26	(0.02)
	Bare Steel	70-R1.5 *	(15)	17,968,304.52	13,921,391	6,742,159	345,328	1.92	1.67	0.27	(0.02)
	Coated Steel	70-R1.5	(15)	44,837,223.36	13,448,290	38,114,517	896,157	2.00	1.74	0.28	(0.02)
	Plastic	70-R1.5	(15)	98,419,204.15	24,021,168	89,160,917	2,102,387	2.14	1.86	0.30	(0.02)
	Total Account 376			161,497,980.43	51,609,645	134,113,033	3,348,925	2.07			
378	Meas and Reg Sta. Equip. - General	41-S0	(10)	5,401,380.31	2,717,630	3,223,888	146,348	2.71	2.46	0.30	(0.05)
379.1	Meas and Reg Sta. Equip. - City Gate	34-R2	(10)	257,908.74	270,760	12,940	1,037	0.40	0.37	0.04	(0.01)
380	Services	39-R1.5	(60)	95,861,712.15	54,739,756	98,638,983	4,427,524	4.62	2.89	1.73	0.00
381	Meters	35-S0.5	2	12,169,558.60	4,192,116	7,734,051	450,264	3.70	3.77	0.04	(0.11)
381.1	Meters - AMI	15-S2.5	0	682,384.32	15,881	666,503	52,862	7.75	7.75	0.00	0.00
382	Meter Installations	40-S2	(10)	8,234,752.85	3,926,752	5,131,476	243,774	2.96	2.69	0.30	(0.03)
383	House Regulators	39-S2	(5)	4,884,766.35	1,239,809	3,889,196	148,398	3.04	2.90	0.23	(0.09)
384	House Regulator Installations	39-S2	0	2,282,263.96	1,696,055	586,209	29,963	1.31	1.31	0.00	0.00
385	Industrial Meas and Reg Equipment	32-R0.5	(10)	2,763,500.00	940,969	2,098,881	127,459	4.61	4.19	0.50	(0.08)
387.4	Other Equipment - Customer Information Services	32-R2.5	(5)	3,275,691.89	1,364,584	2,074,892	118,876	3.63	3.46	0.17	0.00
	TOTAL DISTRIBUTION PLANT			308,934,083.25	126,788,805	265,888,775	9,319,883	3.02			
	GENERAL PLANT										
	Office Furniture and Equipment										
391.1	Furniture	20-SQ	0	1,136,231.33	1,007,199	129,032	56,825	5.00	5.00	0.00	0.00
391.11	Equipment	15-SQ	0	23,574.97	11,776	11,799	1,573	6.67	6.67	0.00	0.00
391.12	Information Systems										
	Fully Accrued			1,820.65	1,821	0	0	-	0.00	0.00	0.00
	Amortized	5-SQ	0	615,447.42	198,141	417,306	123,116	20.00	20.00	0.00	0.00
	Total Account 391.12			617,268.07	199,962	417,306	123,116	19.95			
392.2	Transportation Equipment - Trailers	16-L4	0	139,968.44	38,749	101,219	10,256	7.33	7.33	0.00	0.00
	Tools, Shop and Garage Equipment										
394	Equipment	25-SQ	0	2,219,703.21	1,069,603	1,150,100	88,683	4.00	4.00	0.00	0.00
394.11	CNG Facilities	14-L3	0	335,308.07	249,148	86,160	26,314	7.85	7.85	0.00	0.00
	Total 394			2,555,011.28	1,318,751	1,236,260	114,997	4.50			
395	Laboratory Equipment	20-SQ	0	9,781.80	6,175	3,607	489	5.00	5.00	0.00	0.00
396	Power Operated Equipment	17-L1.5	25	258,254.72	83,967	109,724	15,448	5.98	7.97	0.00	(1.99)

COLUMBIA GAS OF KENTUCKY, INC.

ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES BY COMPONENT RELATED TO GAS PLANT AS OF DECEMBER 31, 2012

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost as of December 31, 2012	Book Reserve	Future Book Accruals	Calculated Annual Accrual Amount	Calculated Annual Accrual Rate	Capital Recovery Rate	Cost of Removal Rate	Gross Salvage Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)	(9)	(10)	(11)
398	Miscellaneous Equipment										
	Fully Accrued			3,290.19	3,290	0	0	-	0.00	0.00	0.00
	Amortized	15-SQ	0	119,675.52	47,452	72,224	7,981	6.67	6.67	0.00	0.00
	Total Account398			122,965.71	50,742	72,224	7,981	6.49			
	TOTAL GENERAL PLANT			4,863,056.32	2,717,321	2,081,171	330,685	6.80			
	TOTAL DEPRECIABLE PLANT			313,797,139.57	129,506,126	267,969,946	9,650,568	3.08			
	UNRECOVERED RESERVE TO BE AMORTIZED										
391.1	Furniture				(78,543)		26,181 ***				
391.11	Equipment				(1,342)		447 ***				
391.12	Information Systems				(1,102)		367 ***				
394	Equipment				(50,635)		16,878 ***				
395	Laboratory Equipment				2		(1) ***				
398	Miscellaneous Equipment				(1,628)		543 ***				
	TOTAL UNRECOVERED RESERVE TO BE AMORTIZED				(133,248)		44,416				
	AMORTIZABLE PLANT										
303	Misc. Intangible Plant			2,924,339.05	1,187,281	1,737,058	1,149,329	**			
375.71	Structures and Improvements - Leaseholds			63,643.11	25,916	37,727	25,916	**			
	TOTAL AMORTIZABLE PLANT			2,987,982.16	1,213,197	1,774,785	1,175,245				
	NONDEPRECIABLE PLANT										
301	Organization			521.20							
304	Land			7,678.39							
374.1	Land			206.00	(19)						
374.2	Land			878,533.97							
	TOTAL NONDEPRECIABLE PLANT			886,939.56	(19)						
	TOTAL GAS PLANT			317,672,061.29	130,586,056	269,744,731	10,870,229				

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.

** Accrual rate based on individual asset amortization.

*** 3-Year amortization of unrecovered reserve related to implementation of amortization accounting.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

107. Please provide electronic copies (Excel) of Schedules B-3, B-3.2 and D-2.6 and all supporting workpapers, with all formulae intact. For each Schedule, show how the amounts were calculated, including the depreciation rate applied and the applicable plant balances. Provide a source for all depreciation rates used in the calculations.

Response:

Please see Attachment A on the CD for Schedule B-3. Columbia did not file Schedule B-3.2 and D-2.6.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

108. Please provide a sample work order showing the retirement of a gas main.

Response:

Please see Attachment A for fixed asset system work order information. For lower level detail, please see Attachment B for information retrieved from Columbia's Work Management System related to this retirement job.

CPR Activities By Month

Enter Selection Criteria For The Following:

Company	Activity Code	Utility Account
Columbia Gas of Kentucky	ACQU Addition - ACQU (Acquisition or purch	11710 Gas Stored Undergrou
Columbia Gas of Maryland	CFNU Addition - CFNU (Closed from 106 to	30100 Organization Costs
Columbia Gas of Massachu	MADD Addition - MADD (Closed from 107 (et	30210 Franchises/Consent, P
Columbia Gas of Ohio	NURV Addition - NURV (106 Reversal)	30220 Franchises/Consent, L
Columbia Gas of Pennsylv	UADD Addition- UADD (Closed from 107 (elc	30300 Int Plant, Software De
Columbia Gas of Virginia	UADJ Adjustment - UADJ	30300 Intangible Plt, General
NiSource Retail Services	IMPA Impairment Adjustment - IMPA	30310 Int Plant, Misc Softwar

Work Order Information

Work Order: 00562.WP3711.2629

GL JE Code:

Find

Save Criteria

Get Months

Users

Created by:

Approved by:

Months:

Start 08/2011

End 07/2013

Month	Work Order	GlJe Code	ctivity Co	Activity Description	Asset Id	Activity	Quantity	Cost	Asset Location
03/2012	00562.WP3711.2629	06 AUTO RE	MRET	Pipe, St Sc, 2" : 464316 : 110263711	56629	5	-342.00	($117.03)	Estill County, KY : Irvine County
03/2012	00562.WP3711.2629	06 AUTO RE	MRET	Pipe, St Sc, 2" : 464316	56629	4	-20.00	($6.84)	Estill County, KY : Irvine County
03/2012	00562.WP3711.2629	06 AUTO RE	URET	Pipe, Pl, 2" : 463016 : 11026371100	65338	2	-297.00	($1,391.39)	Estill County, KY : Irvine County
03/2012	00562.WP3711.2629	06 AUTO RE	URET	Pipe, St Sc, 2" : 464316 : 110263711	56912	2	-57.00	($34.48)	Estill County, KY : Irvine County
	Total						-716.00	($1,549.74)	

Use Ctrl, Shift to select multiple rows

Drill

CPR

Work Order

Pending Arch.

Unretire

Accounting Month:

07/2013

Work Order:

GL JE Code:

Activity Description

Cancel

Work Order Information

Description	Retire 515' Of 2" Lp Main	Work Order	00562.WP3711.2629
Company	Columbia Gas of Kentucky	Funding Project	32.00562
Bus Segment	Gas Distribution	Last Approved Rev	1
Budget	CKY	Status	posted to CPR
		Wo Id	461505432
Department	2629 - Winchester Area - (	W.O.Type	CKY Mains, Street Improvement , BBA

Long Description: Retire 515' Of 2" Lp Main : Chaberlain : Chamberlain Branch

Major Location: Distribution, CKY

Asset Location: Estill County, KY : Irvine C

Asset Loc Det: Estill County, KY : Irvine County Common : 00654603

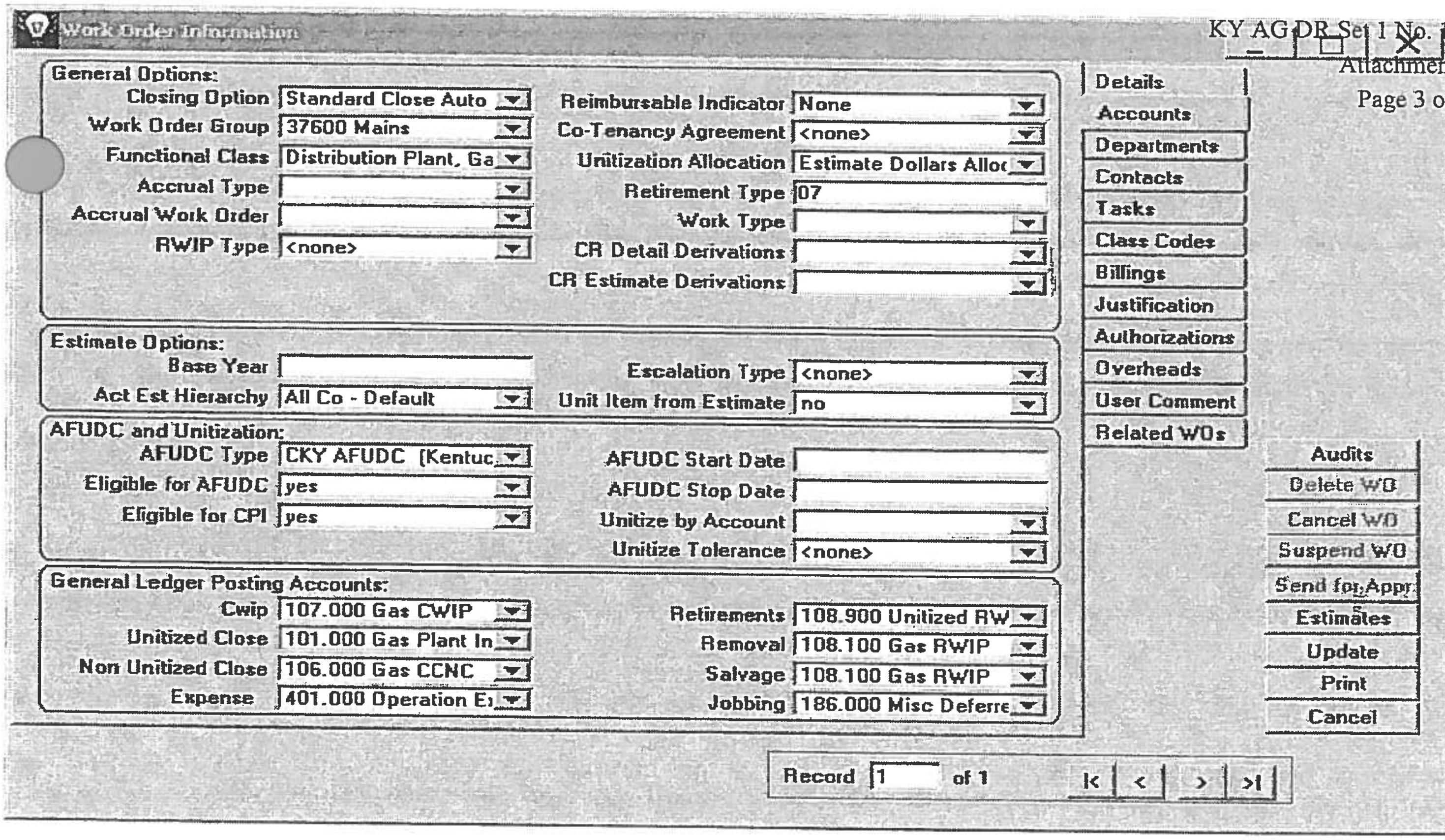
Notes:

Reason	CDC B - Cont (Pipeline & O	Approval Group	<none>
Est Start Date	01/01/2011	Late Charge Wait	4 Months
Est Complete	12/31/2012	In Service Date	01/06/2012
Est In Service	01/06/2012	Completion Date	03/06/2012
Est Annual Rev	$0.00	First CPR Month	
Initiated By	WMS, CDC - active	Close Date	08/03/2012
Date Suspended		Date Initiated	05/26/2011

Details
Accounts
Departments
Contacts
Tasks
Class Codes
Billings
Justification
Authorizations
Overheads
User Comment
Related WOs

Audits
Delete WO
Cancel WO
Suspend WO
Send for Appr
Estimates
Update
Print
Cancel

Record 1 of 1



Work Order Information

General Options:

Closing Option	Standard Close Auto	Reimbursable Indicator	None
Work Order Group	37600 Mains	Co-Tenancy Agreement	<none>
Functional Class	Distribution Plant, Ga	Unitization Allocation	Estimate Dollars Alloc
Accrual Type		Retirement Type	07
Accrual Work Order		Work Type	
RWIP Type	<none>	CR Detail Derivations	
		CR Estimate Derivations	

Estimate Options:

Base Year		Escalation Type	<none>
Act Est Hierarchy	All Co - Default	Unit Item from Estimate	no

AFUDC and Unitization:

AFUDC Type	CKY AFUDC (Kentuc	AFUDC Start Date	
Eligible for AFUDC	yes	AFUDC Stop Date	
Eligible for CPI	yes	Unitize by Account	
		Unitize Tolerance	<none>

General Ledger Posting Accounts:

Cwip	107.000 Gas CWIP	Retirements	108.900 Unitized RW
Unitized Close	101.000 Gas Plant In	Removal	108.100 Gas RWIP
Non Unitized Close	106.000 Gas CCNC	Salvage	108.100 Gas RWIP
Expense	401.000 Operation E:	Jobbing	186.000 Misc Deferre

Details
Accounts
Departments
Contacts
Tasks
Class Codes
Billings
Justification
Authorizations
Overheads
User Comment
Related WOs

Audits
Delete WO
Cancel WO
Suspend WO
Send for Appr
Estimates
Update
Print
Cancel

Record 1 of 1

JOB ORDER NUM: 11-0263711-00 *JOB TYPE: 562 *LOC NUM: 2629 SPEC BUD:
JOB SUMMARY: RETIRE 515' OF 2" LP MAIN JOB STATUS: EX EXECUTED
COPY#: 00 ASSIGNED DATE:
LINE MARKERS AND SIGNS INSPECTED (Y/N): RESP SUPRV: 2600B
REPORTS COMP(Y/N/BLANK IF N/A) FAC FAIL: DAMAGE TO OTH: FAC DAMAGE:

PIPE EXPOSURE DATA: 1 MULTIPLE FACILITIES(Y/N): N

FURTHER ACTION REQUIRED: 0 REIMBURSEABLE(Y/N/A): N

MAIN EVALUATION DATA SHEET: LAND SERVICES(Y/N): N
ACTUAL START DT: PRIORITY DT: 12/01/11 C
DPIS TO CLEAR: 0 COMPLETION DT: 01/06/12
ASSOCIATED DPIS: 0 COMPLETED BY: R. HUMPHREYS
ON MDT: N EXECUTED BY: DGRIFFI
VOIDED BY:
REASON FOR VOID:

NEXT: DATA:
PF10-JO CREAT CMNTS PF13-SPEC HEADER PF14-COST SUMMARY
PF15-LAND SERV PF16-FCLTY INQ PF18-GENL HEAD PF19-O-M DET PF20-ENV SMPL INQ
3065:WORK LOC FOR JO LIST DIFF THAN SELECT SCREEN WORK LOC

T398

JOB ORDER INQUIRY - COST SUMMARY

07/25/13

JOB ORDER NUM: 11-0263711-00 ***JOB TYPE:** 562 ***LOC NUM:** 2629 **SPEC BUD:**
JOB SUMMARY: RETIRE 515' OF 2" LP MAIN **JO STATUS:** EX EXECUTED

	ESTIMATED	CALC TO DATE	BOOKED ACTUAL
MATERIAL	0+	0.00+	0.00+
MISC MATERIAL	0+	0.00+	0.00+
STORES EXPENSE	0+	0.00+	0.00+
CONTRACT	0+	0.00+	0.00+
LABOR COST	54+	178.00+	169.00+
LABOR HOURS	1:00	3:22	3:22
OTHER	0+	32.00+	42.00+
AFUDC	0+	0.00+	0.00+
SEGA	0+	0.00+	0.00+
TOTAL COSTS	54+	210.43+	212.00+
COST VARIANCE %:		290+	292+

REIMB(Y/N): N

CHARGE TO(Y/N): N

ESTIMATED INC TAXES
0+

NEXT: **DATA:**

PF13-SPEC HEADER PF14-ECONOMIC EVAL PF15-LAND SERVICE PF16-FACILITY INQ
PF18-GENERAL HEADER PF19-O-M DETAIL PF20-CHARGE TO INFO PF21-MATERIAL COST
PF22-CREW DETAIL PF23-CONTRACT SUMMARY PF24-OTHER COSTS

T398 JOB ORDER INQUIRY - CHARGE TO INFORMATION 07/25/13

JOB ORDER NUM: 11-0263711-00 *JOB TYPE: 562 *LOC NUM: 2629 SPEC BUD:
JOB SUMMARY: RETIRE 515' OF 2" LP MAIN JOB STATUS: EX EXECUTED
REASON FOR VOID:

JOB ORDER NUMBER	WMS/ DIS	*CO	GEN	AUX	PROJ	ACTIV	FACIL	HCC	TCC	%
		32	108		AMRCB	00562	WP3711		2629	100

TOTAL 100 %

NEXT: DATA:
PF10-JO CREAT CMNTS PF13-SPECIFIC HEADER PF15-LAND SERVICE
PF16-FACILITY INQ PF18-GENERAL HEADER PF19-O-M DETAIL

T398 **JOB ORDER EXECUTE - FACILITIES RETIRED** 07/25/13

JOB ORDER NUMBER: 11-0263711-00 ***JOB TYPE:** 562 ***LOCATION NUMBER:** 2629
JOB SUMMARY: RETIRE 515' OF 2" LP MAIN

FACILITY ID	*TYP	*SZ	*MTL	*CT	*KIND	*PROP UNIT NUMBER	DESCRIPTION	TAX DIST	RETIRE QTY	ORIG INSTALL YEAR
	MN	020	S	N	SCREW	46 - 4316	2"	0654603	362	1936
	MN	020	S	N	SCREW	46 - 4316	2"	0654603	57	1949
	MN	020	P			46 - 3016	2"P	0654603	297	1976
						-				
						-				
						-				
						-				
						-				
						-				
						-				
						-				
						-				

NEXT: **DATA:**
PF1-HELP PF2-MAIN MENU PF3-RETURN PF4-CODES PF5-REFRESH PF7-BACKWARD
PF8-FORWARD PF19-PROPERTY UNIT LIST

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

109. Please provide the current depreciation rates, split into three separate components: capital recovery, gross salvage and cost of removal.

Response:

Please see Attachment A.

COLUMBIA GAS OF KENTUCKY, INC.

ANNUAL DEPRECIATION ACCRUAL RATES BREAKDOWN BY COMPONENT
AS OF DECEMBER 31, 2001

	Depreciable Group (1)	Survivor Curve (2)	Net Salvage (3)	Original Cost at December 31, 2001 (4)	Book Reserve (5)	Future Book Accruals (6)	Total Calculated Annual Accrual Amount (7)	Total Calculated Annual Accrual Rate (8)=(7)/(4)	Capital Recovery Rate	Cost of Removal Rate	Gross Salvage Rate
	DEPRECIABLE PLANT										
	DISTRIBUTION PLANT										
	Land and Land Rights										
374	Land Rights	65-R2.5	0	416,312.90	84,786	331,530	6,387	1.53	1.53	0.00	0.00
375	Rights-of-Way	70-S4	0	1,388,000.43	444,124	943,872	16,965	1.22	1.22	0.00	0.00
	Total Account 374			1,804,313.33	528,910	1,275,402	23,352	1.29			
	Structures and Improvements										
375	Measuring and Regulating	42-S0.5	(10)	607,999.91	338,974	329,827	11,939	1.96	1.78	0.18	0.00
376	Other Distribution System										
	Distribution System Structures	Square *	0	6,858,275.77	1,110,602	5,747,674	136,212	1.99	1.99	0.00	0.00
	Other Buildings	30-S0.5	0	110,342.43	52,272	58,071	3,347	3.03	3.03	0.00	0.00
	Total Account 375.70			6,968,618.20	1,162,874	5,805,745	139,559	2.00			
376	Other Structures - Leased	Square *	0	63,495.37	18,971	44,524	8,096	12.75	12.75	0.00	0.00
376	Communication Structures	30-R3	0	33,260.58	14,719	18,542	1,769	5.32	5.32	0.00	0.00
	Total Account 375			7,673,374.06	1,535,538	6,198,638	161,363	2.10			
376	Mains	64-R2	(15)	111,332,702.80	38,453,922	89,578,687	1,745,826	1.57	1.36	0.26	-0.05
378	Meas and Reg Equipment - General	32-S0	(5)	4,228,068.95	2,029,902	2,409,569	99,201	2.35	2.24	0.13	-0.02
379	Meas and Reg Equipment - City Gate	22-R2.5	(5)	259,389.51	214,814	57,546	5,884	2.27	2.16	0.13	-0.02
380	Services	38-R2	(50)	62,871,583.36	41,680,225	52,627,154	1,630,295	2.59	1.73	0.86	0.00
381	Meters	40-R2.5	0	9,635,566.47	3,329,218	6,306,345	249,641	2.59	2.59	0.00	0.00
382	Meter Installations	38-S1.5	(5)	6,606,914.64	2,382,463	4,554,796	158,201	2.39	2.27	0.14	-0.02
383	House Regulators	32-S2	(5)	1,106,465.79	804,024	357,764	15,371	1.39	1.32	0.08	-0.01
384	House Regulator Installations	35-S2	0	2,136,350.31	1,464,528	671,824	23,575	1.10	1.10	0.00	0.00
385	Industrial Meas and Reg Equipment	30-R0.5	(5)	1,998,787.82	1,044,108	1,054,620	41,745	2.09	1.99	0.14	-0.04
	Other Equipment										
387	Odorization	25-R2.5	0	212,002.37	100,611	111,391	8,943	4.22	4.22	0.00	0.00
387	Customer Information Services	27-R2	0	1,847,883.98	928,060	919,821	43,255	2.34	2.34	0.00	0.00
	Total Account 387			2,059,886.35	1,028,671	1,031,212	52,198	2.53			
	Total Distribution Plant			211,713,403.39	94,496,323	166,123,557	4,206,652	1.99			

COLUMBIA GAS OF KENTUCKY, INC.

ANNUAL DEPRECIATION ACCRUAL RATES BREAKDOWN BY COMPONENT
AS OF DECEMBER 31, 2001

	Depreciable Group	Survivor Curve	Net Salvage	Original Cost at December 31, 2001	Book Reserve	Future Book Accruals	Total Calculated Annual Accrual Amount	Total Calculated Annual Accrual Rate	Capital Recovery Rate	Cost of Removal Rate	Gross Salvage Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(4)			
	GENERAL PLANT										
	Office Furniture and Equipment										
391	Furniture	20-Sq	0	1,275,746.64	249,843	1,025,902	92,950	7.29	7.29	0.00	0.00
391	Equipment	15-Sq	0	115,686.62	48,116	67,571	22,915	19.81	19.81	0.00	0.00
391	Information Systems	5-Sq	0	379,116.35	105,634	273,482	76,771	20.25	20.25	0.00	0.00
	Total Account 391			1,770,549.61	403,593	1,366,955	192,636	10.88			
392	Transportation Equipment - Trailers	17-S3	0	75,707.28	22,923	52,785	4,797	6.34	6.34	0.00	0.00
393	Stores Equipment	20-Sq	0	13,787.48	13,787	0	0	-	-	-	-
	Tools, Shop and Garage Equipment										
394	Equipment	25-Sq	0	1,628,860.38	661,248	967,616	61,778	3.79	3.79	0.00	0.00
394	CNG Facilities	12-S3	0	818,313.56	193,258	625,057	112,714	13.77	13.77	0.00	0.00
	Total Account 394			2,447,173.94	854,506	1,592,673	174,492	7.13			
395	Laboratory Equipment	20-Sq	0	6,390.81	1,872	4,519	311	4.87	4.87	0.00	0.00
396	Power Operated Equipment	14-S1	25	615,401.28	615,401	(153,852)	0	-	-	-	-
398	Miscellaneous Equipment	15-Sq	0	129,846.09	56,581	73,265	9,557	7.36	7.36	0.00	0.00
	Total General Plant			5,058,856.49	1,968,663	2,936,345	381,793	7.55			
	Subtotal Depreciable Plant			216,772,259.88	96,464,986	169,059,902	4,588,445	2.12			
	NONDEPRECIABLE PLANT										
301	Organization			521.20							
302	Franchises & Consents			0.00							
303	Misc. Intangible Plant			2,401,559.52							
304	Land			7,678.39							
374.:	Land			877,248.57							
	Subtotal Nondepreciable Plant			3,287,007.68							
	Total Gas Plant			220,059,267.56	96,464,986						

* Indicates the use of an interim survivor curve and retirement date.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

110. Please provide copies of all presentations made at conferences and/or to rating agencies and/or investment firms by NiSource or Columbia between January 1, 2009 and the present.

Response: Please see Columbia's response to AG 1-114.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

111. Please provide copies of all prospectuses for any security issuances by NiSource or Columbia since January 1, 2009.

Response:

Please see Attachments A - H, which are copies of all prospectuses for NiSource or Columbia since January 1, 2009. These attachments are files included on the CD included with these responses.

A. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment A, dated April 10, 2013.
B. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment B, dated June 12, 2012.
C. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment C, dated November 16, 2011.
D. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment D, dated June 8, 2011.
E. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment E, dated December 2, 2010.
F. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment F, dated September 9, 2010.
G. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment G, dated December 2, 2009.
H. Attachment PSC Case No. 2013-00167_AG Set 1 DR No. 111 Attachment H, dated March 5, 2009.

**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

112. Please provide copies of all studies performed by NiSource or Columbia or by consultants or investment firms hired by NiSource or Columbia to assess (1) NiSource's or Columbia's financial performance, (2) the performance of NiSource or Columbia relative to other utilities, or (3) the adequacy of NiSource's and/or Columbia's return on equity or overall rate of return.

Response:

Please see Attachments A-D hereto for benchmarking reports related to NiSource for 2012 and 2013. Benchmarking reports are not prepared specifically for Columbia.

Attachment (A) to AG DR Set 1 No. 112

[CONFIDENTIAL]

Benchmarking Report September 14, 2012

Attachment (B) to AG DR Set 1 No. 112

[CONFIDENTIAL]

Benchmarking Report December 14, 2012

Attachment (C) to AG DR Set 1 No. 112

[CONFIDENTIAL]

Benchmarking Report March 15, 2013

Attachment (D) to AG DR Set 1 No. 112

[CONFIDENTIAL]

Benchmarking Report June 21, 2013

COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013

113. Please provide copies of credit reports for NiSource or Columbia to the major credit rating agencies published since January 1, 2009.

Response:

Please see PSC Case No. 2013-00167_AG Set 1 DR No. 113 Attachments A-W for reports since January 1, 2009 through December 31, 2010. Attachments A-D are reports from Moody's; Attachments E-Q are reports from S&P and Attachment R-W are from Fitch. The reports since January 1, 2011 are included in AG Set 1 DR No. 248 Attachments A-W.

Moody's Investors Services

Global Credit Research
Announcement
4 FEB 2009

Announcement: NiSource Finance Corporation

Moody's affirms NiSource with negative outlook

New York, February 04, 2009 -- Moody's Investors Service affirmed that the ratings of NiSource Inc.'s subsidiaries (including its guaranteed primary financing vehicle NiSource Finance Corporation, rated Baa3 senior unsecured) and negative outlook are not impacted by the company's announcement of its updated long-range financial plan. In Moody's assessment, the company's weaker earnings outlook could be mitigated by a reduction in capital expenditures to reduce incremental debt, subject to the company successfully implementing its cost control and cash management initiatives.

"The plan metrics appear sufficient to maintain the company's ratings for now," says Moody's Vice President Mihoko Manabe. "However, they are low in the range that Moody's would expect for its current ratings and business risk profile and are vulnerable to shortfalls from the plan."

The latest iteration of NiSource's plan includes adjustments reflecting more difficult economic and financial market conditions than what was assumed previously. Capital expenditures for the next few years are expected to be about $800 million annually, down from $1 billion previously. The cuts are mostly on deferrable expenditures in the company's gas distribution segment and growth projects in its pipeline segment. The latter and increased pension obligations --- both non-cash expense and cash contributions --- contribute to the reduced earnings outlook. While less external debt financing would be required, borrowing rates will be higher.

With the rate cases for two of its largest gas distribution subsidiaries and some longstanding overhangs on its credit resolved, the critical issue at hand for NiSource is the rate case at its subsidiary Northern Indiana Public Service Company (NIPSCO, Baa2 senior unsecured). Moody's could stabilize outlook or initiate rating review in late 2009 or early 2010, whenever the credit impact of the NIPSCO's rate case can be reasonably assessed. Moody's notes that in changing the outlook to negative in December 2007, Moody's took an 18 to 24 months' view to allow time for certain rate cases and pipeline projects to be completed.

NiSource's near-term liquidity resources -- which should benefit from a reduction in the capital budget and lower natural gas prices -- appear sufficient for now. The company has obtained $265 million of commitments to-date on a two-year term loan, which would help replace the $500 million revolver that expires in March 2009. The company will implement a dividend reinvestment program which will mitigate its high payout rate and contribute modestly to retained earnings.

Additionally, NiSource is preparing new indentures for up to $350 million in secured bonds that could be issued by some of its larger operating subsidiaries, which would provide another option in refinancing the $417 million of debt that matures in November. At $350 million, the secured bonds would be about 5% of total debt at year-end 2008 and well below the 10% of net tangible assets limitation on liens test under the holding company-level indenture. Given the magnitude of NiSource's total debt (roughly $6 billion), this incremental subsidiary borrowing as currently contemplated would not significantly affect the structural subordination of about 90% of consolidated debt at the holding company level.

The last rating action was on May 23, 2008 when Moody's commented that NiSource's ratings and negative outlook were not impacted by an adverse development in the Tawney class action lawsuit.

The principal methodology used in rating NiSource was Diversified Natural Gas Transmission and Distribution Companies, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating NiSource can also be found in the Credit Policy & Methodologies directory.

Headquartered in Merrillville, Indiana, NiSource Inc. is a diversified natural gas and electric distribution and transmission company.

New York
Mihoko Manabe
VP - Senior Credit Officer
Global Infrastructure Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
Managing Director
Global Infrastructure Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's Investors Services

Global Credit Research
Credit Opinion
29 JUL 2009

Credit Opinion: NiSource Inc.

NiSource Inc.

Merrillville, Indiana (State of), United States

Ratings

Category	Moody's Rating
Outlook	Negative
Preferred Shelf	(P)Ba2
NiSource Finance Corporation	
Outlook	Negative
Issuer Rating	Baa3
Senior Unsecured	Baa3
Bkd Commercial Paper	P-3
NiSource Capital Markets, Inc.	
Outlook	Negative
Bkd Senior Unsecured	Baa3
Northern Indiana Public Service Company	
Outlook	Negative
Issuer Rating	Baa2
Senior Unsecured	Baa2
Bay State Gas Company	
Outlook	Negative
Senior Unsecured	Baa2

Contacts

Analyst	Phone
Mihoko Manabe/New York	212.553.1942
William L. Hess/New York	212.553.3837

Opinion

Rating Drivers

- Profitability under pressure

- Negative free cash flow funded by debt

- Management committed to investment-grade ratings

Corporate Profile

NiSource Inc. (Baa3 senior unsecured, negative outlook) is a holding company with regulated natural gas and electric utility subsidiaries in seven U.S. states and an interstate gas pipeline system that runs from the Gulf Coast through the Midwest to New England. The company has three segments: Gas Distribution (LDC), Transmission and Storage (Pipelines), and Electric. Each segment accounts for roughly a third of operating income. The LDCs account for half of NiSource's assets, and the Pipelines and Electric subsidiaries each account for about a quarter. The company is one the largest gas companies in the U.S., ranking as the third-largest LDC, the fourth-largest gas pipeline, and among the largest gas storage systems. The Electric operations are medium-sized relative to the industry. Two of NiSource's utility subsidiaries are rated: Bay State Gas Company and Northern Indiana Public Service Company (NIPSCO), both Baa2 on a senior unsecured basis with a negative outlook.

Recent Events

NiSource is in midst of multiple base rate cases: the electric case at NIPSCO ($85.7 million requested, a decision expected 4Q09/1Q10), Bay State ($34.6 million requested, a decision expected by October 2009) and Columbia Gas of Kentucky ($11.6 million requested, decision expected in March 2010).

SUMMARY RATING RATIONALE

NiSource's Baa3 rating and negative outlook result from weak credit metrics, which are under further pressure. The company's credit quality, however, is supported by a diverse, sizable portfolio of regulated subsidiaries. The stability that comes from being virtually all regulated allows the company to support higher leverage than its peers that are exposed to commodity-price and volume sensitive competitive businesses. The rating takes into consideration management's public commitment to an investment-grade credit rating.

DETAILED RATING CONSIDERATIONS

PROFITABILITY UNDER PRESSURE

Top-line margins have been under downward pressure due to the maturity of its rust-belt franchise, which has been hard-hit by the economic recession. LDCs, the company's largest and least profitable segment, have long experienced declining sales volumes and abnormal weather. More recently, NIPSCO's electric operations, which have historically turned in strong financial results, have also experienced declines due to a contraction in its industrial sales. Meanwhile, operating (especially pensions) and interest expenses continue to rise, diminishing the bottom line.

NiSource's long-range plan does not incorporate a meaningful increase in earnings until 2011. Moody's negative outlook reflects the execution risk in the company's ability to lift its profitability and cash flow through a round of base rate filings and pipeline projects (its one segment that has meaningful organic growth). The two largest pipeline projects (Millennium and Eastern Market Expansion) are now both online and some key rate cases have been concluded satisfactorily (Columbia of Ohio and Pennsylvania).

The most significant rate proceeding on the horizon is the electric case at NIPSCO, because the electric segment has historically been almost a third of NiSource's operating income and a source of cash flow to the parent company. The resolution of this case will be a primary factor in Moody's resolution of NiSource's negative outlook.

NEGATIVE FREE CASH FLOW FUNDED BY DEBT

NiSource is weakly capitalized in terms of cash flow coverage (retained cash flow/debt generally about 9% for a few years, after Moody's standard adjustments), weaker than most of its peers. EBIT/interest was 1.6 times for the last twelve months ended March 2009 (2.3 times on a reported basis, before a large impact from pension adjustments). For the foreseeable near future, its negative free cash flow position will be funded substantially with debt. The company's success in increasing internally generated cash flow will determine its ability to keep its debt levels steady as anticipated.

MANAGEMENT COMMITTED TO INVESTMENT-GRADE RATINGS

NiSource's Baa3 rating takes into consideration the management's longstanding public commitment to investment-grade ratings. To that end, it has sold assets to de-leverage while keeping its dividend flat.

Notching Considerations

NiSource's operating subsidiaries, NIPSCO and Bay State, are rated one notch above the parent's rating to indicate the structural seniority of their debt. Their ratings are close because of their participation in a centrally managed corporate money pool, which results in a fairly unrestricted commingling of cash among NiSource entities.

The company is preparing to issue either internal or external long- and short-term debt at some of its operating subsidiaries. Amounts that are currently planned are expected to have little impact on the degree of structural subordination of the vast proportion of debt at the parent level, but should this change, the current notching practice could be reconsidered.

Liquidity Profile

NiSource's liquidity position appears adequate for the foreseeable near term. At the current run rate, NiSource generates about $1 billion of funds flow from operations to cover its 2009 capital budget of $800 million (about $500-$600 million for maintenance; most of the remaining balance for revenue growth spending allocated to pipeline projects). In addition to seasonal fluctuations in working capital, it will be in a negative free cash flow position after $250 million of dividends and scheduled debt maturities. The funding gap will be financed substantially with debt.

Recent cash flow has been boosted by falling natural gas prices which has lowered working capital needs and caused an inflow of margins provided to its gas suppliers. Additionally, the company expects cash flow benefits from government stimulus legislation, including bonus depreciation.

The primary source of NiSource's alternate liquidity is NiSource Finance's $1.5 billion committed revolver due on July 7, 2011. This base facility does not require the company to represent and warrant as to a general financial material adverse change at each borrowing. The sole financial covenant is a debt-to-capitalization ratio of 70%. The company has sufficient headroom under this covenant with a ratio of 59% as of March 31, 2008. Moody's satisfactory assessment of NiSource's near-term liquidity is subject to its renewing its receivables sales programs at Columbia of Ohio and NIPSCO each of which are anticipated to be transititioned to new bank conduit sponsors prior to September 30, 2009.

NiSource has taken care of its financing needs for 2009 by pre-funding some of its upcoming debt maturities ($417 million due on November 23, 2009 and $682 million due on November 15, 2010) and additional liquidity to meet about $189 million due on the Tawney litigation settlement. So far this year, the company has issued $600 million of long-term debt, a $385 million term loan, and repurchased $350 million of existing debt. Additionally, there were small medium-term notes due the first half of 2009 at NIPSCO and at NiSource Capital Markets.

Rating Outlook

NiSource's negative outlook indicates significant execution risk in the company's plan to improve its weak credit metrics. Moody's plans to resolve the negative outlook around the end of 2009 or early 2010, whenever the financial impacts from NIPSCO's rate order and weak economic conditions can be reasonably assessed.

If rate increases (particularly for NIPSCO) are obtained and costs are contained in line with NiSource's plan, the company could be able to sustain modest but stable metrics, including retained cash flow/debt at least in the 8% range and EBIT/interest in the low 2x range, and the outlook could be restored to stable.

What Could Change the Rating - Up

A rating upgrade is unlikely, given the downward pressure indicated by the negative outlook. Even if the company were to execute fully on its long-term plan, it is not expected to lift credit metrics sufficiently to warrant an upgrade (e.g., including EBIT/interest sustained in the 3x range, retained cash flow/debt in the 10% range).

What Could Change the Rating - Down

If NiSource does not generate enough incremental revenues from its rate cases and pipeline projects resulting in credit metrics sustained at low levels, such as EBIT/interest below 2 times and retained cash flow/debt, around 6% range.

Rating Factors

NiSource Inc.

Diversified Natural Gas Transmission and Distribution	**Aaa**	**Aa**	**A**	**Baa**	**Ba**	**B**	**Caa**
Factor 1: Scale (10% weighting)							
a) Net Profit After-Tax Before Unusual Items (US$MM) (5%)				X			
b) Total Assets (US$B) (5%)	X						
Factor 2: Quality of Diversification (20% weighting)							
a) Scale of Unregulated Exposure	X						

(10%)							
b) Degree of Business Risk (10%)		X					
Factor 3: Management Strategy & Financial Policy (10% weighting)							
a) Management Strategy & Financial Policy (10%)				X			
Factor 4: Financial Strength (60% weighting)							
a) EBIT/Interest Expense (15%)						X	
b) Debt to Book Capitalization (excluding goodwill) (15%)						X	
c) Retained Cash Flow/Debt (15%)					X		
d) Return on Equity (15%)						X	
Rating:							
a) Methodology Model Implied Senior Unsecured Rating			**Baa3**				
b) Actual Senior Unsecured Equivalent Rating			**Baa3**				

commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Moody's Investors Services

Global Credit Research
Rating Action
24 NOV 2009

Rating Action: NiSource Finance Corporation

Moody's changes NiSource's outlook to stable

Approximately $7 billion of debt affected

New York, November 24, 2009 -- Moody's Investors Service affirmed the ratings of NiSource Inc. and its subsidiaries (including its guaranteed primary financing vehicles NiSource Finance Corporation, rated Baa3 senior unsecured) and changed their outlooks to stable from negative. The stabilization of the outlook reflects Moody's assessment that, while the company's credit metrics are weak for investment grade, the company has made sufficient improvement in the rate structures of its utilities and in its near-term liquidity, to allay the potential for significant deterioration.

"Since we assigned the negative outlook, NiSource has undergone a series of rate proceedings and resolved various legacy issues that were overhangs on the credit," says Moody's Vice President Mihoko Manabe. "Their credit metrics are still weak but they should be durable, because of their improved business risk profile."

Moody's notes that the electric rate case at NiSource's subsidiary Northern Indiana Public Service Company (NIPSCO, Baa2 senior unsecured) is still not over. Given that NIPSCO is the largest single operating subsidiary of NiSource, Moody's has considered NIPSCO's electric rate case to be important to NiSource's overall credit quality. The conclusion of this long and contentious rate case is not expected until the spring of next year, and the company expects to follow it closely with another electric case as well as a smaller case for its gas division.

Moody's stabilizing NiSource's outlook at this time prior to the conclusion of NIPSCO's current rate case is based on Moody's understanding of the Indiana regulatory framework and its history of generally constructive rate decisions, and is premised on the outcomes of the current and upcoming electric and gas rate cases being supportive of a solid investment-grade credit profile for NIPSCO. NiSource will continue to pursue rate cases periodically in its other six state jurisdictions, but Moody's believes that they will be mostly incremental to the round of rate cases it has successfully concluded over the last few years. The rate designs it has obtained in those recent regulatory initiatives provide for an array of trackers and other rate adjustments that reduce the need for large base rate cases thereby mitigating regulatory risk and potential credit downside in the foreseeable near future, in Moody's view.

As an example of NiSource's most recent progress on the regulatory front, Bay State Gas Company (Bay State, Baa2 senior unsecured) received a $19 million rate increase from the Massachusetts Department of Public Utilities. Although the allowed return-on-equity was 9.95%, below the current industry average, the company obtained a decoupling rate design and a main replacement tracker, which Moody's considers as credit-positive for gas utilities.

The stabilization of NiSource's outlook is also based on Moody's analysis of the latest iteration of the company's long-range plan. The plan continues the company's current financial strategy, with capital expenditures and dividends being maintained at about current levels. This level of spending will keep NiSource in a negative free cash flow position, which is not unusual for utilities, but notable for a company with a significant amount of debt maturing every year for the foreseeable future. Moody's notes that the plan, assuming full execution, would result in only a modest improvement in its leveraged credit profile. This financial plan, if executed as presented, would support NiSource's low investment-grade rating in keeping with the management's public commitment, but with little credit accretion or shareholder growth over the intermediate term. Moody's also notes that NiSource's ratings could be pressured if the management prematurely returns to a more accelerated growth strategy, as it did a couple of years ago that initially triggered the negative outlook in late 2007.

The rating agency said that the portfolio of regulated gas and electric utilities in seven states plus a multi-regional gas pipeline and storage system results in a relatively low business risk profile and significant stability which should enable NiSource to support its current substantial financial leverage. Given that roughly 60% of NiSource's operating income comes from utilities, Moody's applied the utility methodology published last August. After Moody's standard adjustments and excluding the non-recurring $295 million tax refund, NiSource's cash flow from operations pre-working capital-to-interest ratio was 3.2 times, and retained cash flow-to-debt was 11% at fiscal year-end 2008 around the seasonal borrowing peak.

As of September 30, 2009, NiSource had substantial liquidity, with over $1 billion available under its $1.5 billion revolver, in addition to $475 million of accounts receivable sales capacity. NiSource expects approval of another $75 million receivables facility in January 2010. Yesterday, NiSource used a portion of the facility to retire $417 million of maturing long-term debt. Moody's will be monitoring NiSource's strategy to deal with the $681 million of long-term debt maturing next November, as well as the renewal of its $1.5 billion revolver as well as the $385 million term loan that matures in 2011.

The last rating action was on February 4, 2009 when Moody's commented that NiSource's ratings and negative outlook were not impacted by the company's then latest long-range financial plan.

The principal methodology used in rating NiSource, NIPSCO, and Bay State was Regulated Electric and Gas Utilities, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating NiSource can also be found in the Credit Policy & Methodologies directory.

Outlook Actions:

..Issuer: Bay State Gas Company

....Outlook, Changed To Stable From Negative

..Issuer: NiSource Capital Markets, Inc.

....Outlook, Changed To Stable From Negative

..Issuer: NiSource Finance Corporation

....Outlook, Changed To Stable From Negative

..Issuer: NiSource Inc.

....Outlook, Changed To Stable From Negative

..Issuer: Northern Indiana Public Service Company

....Outlook, Changed To Stable From Negative

Headquartered in Merrillville, Indiana, NiSource Inc. is a diversified natural gas and electric distribution and transmission company.

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Analysis

Moody's Global
Infrastructure Finance

December 2009

NiSource Inc.

Merrillville, Indiana, United States

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This Analysis provides an in-depth discussion of credit rating(s) for NiSource Inc. and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website. Click here to link.

> We changed the outlook on NiSource's rating to stable from negative on November 24, 2009, and affirmed its Baa3 senior unsecured rating. We also changed the outlook to stable from negative for its rated subsidiaries NiSource Finance Corporation, NiSource Capital Markets, Northern Indiana Public Service (NIPSCO) and Bay State Gas, affirming the ratings for each issuer. Key issues considered in this decision are explained in the credit opinion. This Analysis provides further insight into select issues that factored into our outlook decision.

Overview

NiSource (Baa3 senior unsecured rating, stable outlook) is an Indiana-based utility and natural gas transmission and distribution holding company. While NiSource stacks up as a solid investment-grade issuer,[1] in terms of its business risk profile, as defined by regulatory supportiveness, cost recovery and diversification, its financial strength metrics are weakly positioned on the borderline between investment-grade and high-yield.[2]

With financial strength accounting for 40% of the weight in Moody's utility rating grid, this area represents a vulnerability for NiSource. Yet we see NiSource as a company with very low business risk and mostly predictable cash flow, thanks to the regulatory regimes in the jurisdictions in which it operates. State and federal regulators in those jurisdictions have granted constructive rate recovery mechanisms to NiSource, so that we believe that regulatory risk is manageable for NiSource over the near- to intermediate term.

This analysis discusses how NiSource's business risk is determined by the different regulatory regimes that oversee its interstate gas transmission system and its utilities in seven states.

1 NiSource's senior unsecured rating (Baa3, stable) reflects the senior unsecured ratings of its guaranteed finance subsidiaries, NiSource Finance and NiSource Capital Markets (both Baa3, stable).

2 We consider NiSource's liquidity strong enough to reflect an investment-grade Baa rating, along with its ratio for CFO pre-WC + interest (three-year historical average of 3.0x). Its metrics for debt-to-capitalization (57%), CFO pre-WC/debt (11%), and RCF/debt (8%) map to a non-investment grade Ba rating.

Moody's Investors Service

NiSource's regulated portfolio

NiSource draws just over three-quarters of its operating income from its natural gas operations. Some 40% of NiSource's operating income is derived from its interstate natural gas pipeline and storage operations—which fall under federal regulation. NiSource's LDCs in Indiana and six other states accounts for another 36%. The remaining 24% comes from the electric utility division at NIPSCO (Baa2, stable), which serves northern Indiana.

2008 Operating Income

Business Segment	Percent
Gas transmission and storage	40
Gas distribution	36
Electric distribution	24
Total	**100**

We used to apply our Diversified Gas rating methodology to evaluate NiSource's credit ratings, but recently began analyzing the company through the prism of our recently published Regulated Electric and Gas Utilities methodology, since about 60% of its earnings come from its LDCs and electric utility. In our opinion, the natural gas side offers a lower-risk business profile, thanks to a more established regulatory framework and smaller, less complex operations that require less expenditures that need to be recovered. (For a closer general look at how regulation differs for gas and electric \utilities, see Appendix, page 6.)

NiSource operates in a diverse set of regulatory jurisdictions, each with its own set of regulatory statutes and modus operandi. In terms of "Regulatory Framework" (Factor 1 under the utilities methodology) and "Ability to Recover Costs and Earn Returns (Factor 2), most of NiSource's jurisdictions map to a Baa, in line with most states in the U.S., indicating NiSource's de-coupling and infrastructure tracker mechanisms that are becoming the norm for LDCs.

Utility Customer Breakdown

Jurisdiction	Percent
Ohio	37
Indiana	33
Pennsylvania	11
Massachusetts	8
Minor service areas (Virgina, Kentucky, Maryland)	11
Total	**100**

We have considered the Federal Energy Regulatory Commission's (FERC) oversight of NiSource's interstate gas transmission assets as an A for Factors 1 and 2, although we have had some reservations recently.[3]

The various regulators that oversee NiSource's subsidiaries generally have been supportive of an investment-grade credit profile. Decoupling has been approved in Massachusetts, and is pending in Virginia. Where de-coupling mechanisms have not been possible to implement, the company has made progress in increasing the proportion of fixed customer charges that help to accomplish the margin stability that de-coupling provides, notably in recent rate proceedings in Ohio and Kentucky. The company expects these recent rate design changes to increase the fixed non-commodity portion of the typical residential bill from the customary 40% in 2007 to about 85% overall next year.

In a number of jurisdictions, NiSource's utilities have been granted infrastructure trackers. In most, they are given the opportunity to share in incremental margins that could come from capacity release and off-system sales. The regulatory framework for gas transmission and distribution has been relatively stable. While deregulation has provided choice to both large and small customers in varying degrees, such programs are well established and the amounts of stranded costs and uncertainty in their recovery are minor.

The following discussion outlines the regulatory regimes and cost-recovery mechanisms in NiSource's jurisdictions and how they serve to lower its business risk.

3 Please refer to Moody's Issuer Comment: *Moody's comments on FERC's pipeline rate investigation*, November 24, 2009.

Federal jurisdiction

Since 1992, interstate gas pipelines have operated under a straight fixed variable (SFV) rate design. This rate design promotes stable and highly predictable earnings and cash flow, because it allows the recovery of fixed costs at fixed rates and variable costs at variable rates. The fixed rates cover costs that don't fluctuate tremendously—chiefly operations and maintenance and general and administrative expenses. The key variable cost is the price of a minor amount of natural gas used in the operation of the pipeline, leaving it virtually indifferent to the cost of gas. Based on its experience with this mechanism, NiSource has championed SFV as a way to achieve de-coupling in its LDCs.

Generally speaking, pipelines have been regulated in a more light-handed manner than utilities, which are more prone to regulatory intrusion and political intervention. Most are not required to come in for a rate case. Many of the problems that utilities tend to face do not affect interstate pipelines meaningfully. Uncollectibles are virtually non-existent, since pipelines do not buy and sell gas. Once built, pipelines require much less ongoing capital investment and workforce to operate it.

Indiana

Substantially all of NiSource's Indiana operations are conducted through NIPSCO. Its electric operations dominate over gas in terms of cash flow and rate base, so the ongoing electric rate case was an important factor in NiSource's previous negative outlook before Moody's stabilized it in November 2009. The stabilization of the rating outlook was based on Moody's understanding of the Indiana regulatory framework and its history of generally constructive rate decisions, and is premised on the outcomes of the current and upcoming electric and gas rate cases being supportive of a solid investment-grade credit profile for NIPSCO.

NIPSCO has applied for an $85 million electric rate increase based on a ROE of 12%. This rate case has taken longer than usual in the state (filed initially in August 2008, it is expected to conclude in the spring of 2010). Given that some twenty years have lapsed since NIPSCO's previous base rate case, coupled with a larger than usual heavy industrial customer base and a harsh economic climate, the proceeding has been notably contentious. Whereas most Indiana rate cases are settled, this one is expected to be fully litigated.

While the allowed ROE will likely be decreased from its last stated level of 13.5% closer to prevailing industry averages of about 10%, any negative financial impact from that is expected to be mitigated to some extent by a menu of riders and earnings-sharing mechanisms that are hallmarks of Indiana's regulatory regime. Long-standing riders for environmental and other expenditures have allowed the state's largely coal-fired generation fleet to recover large environmental mandates in a relatively timely manner. NIPSCO currently flows through its fuel costs, purchased power costs, capacity costs, and shares in MISO transmission-related revenues and expenses.

In addition, utilities in the state are given the opportunity to earn incremental returns through various earning-sharing schemes that allow the utility to retain earnings above certain thresholds as incentives to meet certain operating performance standards and efficiency measures. They can also retain a certain amount of excess earnings under a cumulative "earnings bank" and off-system sales proceeds. Although NIPSCO's gas division does not currently have de-coupling or infrastructure trackers, there are such precedents in the state for Vectren.

Ohio, Pennsylvania, and Massachusetts

Columbia of Ohio (COH), NiSource's largest LDC subsidiary, accounts for more than a third and the highest proportion of NiSource's utility customers. The constructive regulatory treatment COH has received has been significant to NiSource's overall credit quality. Among NiSource's state jurisdictions, the Public Utilities Commission of Ohio (PUCO) has perhaps been the most progressive on some issues peculiar to LDCs.

The PUCO in October 2008 granted COH a meaningful $47 million rate increase. In terms of rate design, PUCO also granted COH a SFV rate mechanism, phased in over a one year period, with the final adjustment made in December 2009. This mechanism, which PUCO has applied to other LDCs in the state, stabilizes financial performance by de-coupling margins from volumes. Other notable credit-positives include an annual tracker for bare steel and cast iron replacement (important as the industry replaces old pipe with plastic to comply with pipeline safety regulations) and full recovery of bad debt expenses (both gas costs and base rates).

Pennsylvania, under Columbia Gas of Pennsylvania (CPA), is NiSource's third-largest state jurisdiction in terms of number of utility customers. CPA's last rate case in October 2008 concluded reasonably with a $42 million rate increase. Pennsylvania maintains a relatively traditional approach to utility regulation. CPA's proposed significant increase in its customer charge was denied and the proportion of fixed customer charges remained relatively unchanged from historical norms. Enabling legislation to allow an infrastructure tracker has been delayed by the budget debate in the state legislature.

In Massachusetts, NiSource's local LDC subsidiary, Bay State Gas, received a $19 million rate increase (of the $34 million requested) as of November 2009. The allowed ROE of 9.95% is lower than the current industry average, but the rate order was significant in certain aspects. In accordance with de-coupling required by state statute, Bay State was granted a revenue decoupling adjustment factor which incorporates weather normalization, that will be trued up annually. This, combined with a tracker for infrastructure and the confirmation of continued use of trackers for bad debt related to gas costs and pensions, provides the company with substantial recovery of its costs, excluding the cost of gas.

Virginia, Kentucky, and Maryland

NiSource's operations in Virginia, Kentucky, and Maryland are relatively small (combined, they serve roughly as many customers as Columbia of Pennsylvania) so they have lesser impact on NiSource's overall credit profile.

Columbia Gas of Virginia's (CVA) rates are frozen through December 2010 under a four-year plan, so it will need to file for a new rate plan next year. Currently, it has performance-based rates, which allows earning sharing above a certain benchmark. The portion of fixed customer charges is high relative to variable commodity charges, which stabilizes earnings. Furthermore, the company may be moving towards de-coupled rates, as Virginia Natural Gas,[4] another LDC, has done. CVA's de-coupling proposal is currently awaiting approval by the Virginia State Corporation Commission (VSCC), which oversees utilities in the state.

The proposal would allow CVA to true up the average revenue per customer back to its previous rate filing, increasing revenues to the same level per customer as in 2005. The VSCC has not allowed recovery outside of traditional rate recovery for infrastructure or uncollectible charges, but Virginia Natural Gas's experience suggests that the VSCC is open to the de-coupling concept for CVA.

The Kentucky Public Service Commission (KPSC) increased CKY's rates by $6 million (out of the $12 million requested) beginning in November 2009. While CKY's proposed SFV rate design was not implemented, the KPSC did allow CKY to increase its fixed monthly customer charges and approved a main replacement tracker.

Columbia Gas of Maryland's (CMD) customers make up just 1% of NiSource's utility customers. The political controversy surrounding the Public Service Commission of Maryland that took place several years ago impacted mostly the state's electric utilities, while leaving the gas distributors relatively untouched. CMD's March 2009 base rate case established an overall rate of return of 8%. CMD will have opportunities to file expedited rate cases in 2010, 2011 and 2012 to enable the recovery of operating costs and any capital invested in Maryland at the 8% established rate of return.

[4] Owned by AGL Resources ([P]Baa1, stable).

Conclusion

We changed NiSource's rating outlook to stable after a long stretch with a negative outlook. We did so for a number of reasons, including the progress that the company has made in obtaining rate increases and better rate designs at its utilities that should make its future financial performance more stable and reliable. Understanding the regulatory framework and rate structure in each of NiSource's various jurisdictions was an important part in this assessment.

For the most part, NiSource's utilities operate under reasonable regulatory regimes; regulators in five of NiSource's seven states have granted rate increases over the past year. In most of the states, de-coupling and cost-recovery mechanisms lend steadiness and predictability to these utilities' cash flow.

Appendix

A quick rundown of the factors that make electricity more risky than gas:

- Necessity vs. choice. Electricity is a necessity—an essential service year-round and around the clock, which makes it more likely to become a political issue. Natural gas is an energy of choice that is used primarily for winter-season home heating. Many industrial customers can switch fuels. In certain locales, electricity or fuel oil may be prevalent for small-volume customers.

  Utilities generally pass through their fuel costs, but because these costs are far bigger for electric utilities, they are usually subject to more regulatory scrutiny, challenges and prudency reviews, and the risk of denial is far greater than for gas distributors. Gas costs tend to be much more seasonal than power costs, but despite the financial analysis implications (seasonal peak inventories financed with short-term debt), full recovery has rarely been an issue.

  Reliability (outages) is more subject to more tests and costs. Gas-main reliability is rarely an issue, because mains are underground and are not affected by storms and other severe weather effects that typically cause electricity outages.

- Uncertainty on electric deregulation. Electric deregulation is less tested than gas deregulation in most states, and in some cases the transition to market rates has been a credit-negative. Federally, the regulation of the interstate power transmission is still in development.
- Uncertainty on environmental regulation. Electric utilities are already subject to more, and more onerous, federal and state environmental regulations than LDCs or pipelines. Cost-recovery for clean air and water compliance—such as lowering and cleaning up emissions, buying and selling emission credits, and promoting energy conservation—remains uncertain, and subject to changing federal and state law. Because gas is a far cleaner fossil fuel, environmental regulations are less onerous both for LDCs and pipelines.
- Capital needs. Compared to gas distributors, electric utilities face more financing needs as they undergo a capital reinvestment cycle to refurbish ageing infrastructure and to meet increased load growth and regulatory mandates. Recovery of investments (billion dollar range, little tested technologies) causes uncertainty. Utilities making such large investments benefit if they are allowed in their rate filings to use a forward test year (as opposed to the traditional, more commonly used historical test year) and to get recovery during construction (including construction work in progress in rate-base and earning cash returns).

  By contrast, gas distributors in recent years have been chiefly concerned with stopping the erosion of demand, and promoting rate mechanisms to offset that effect in their profitability. LDCs must also replace old bare steel mains to comply with federal pipeline safety regulations, but NiSource's LDCs have been successful in obtaining trackers to recover these specific costs.

Moody's Related Research

Credit Opinions:

- NiSource Inc., November 2009
- Northern Indiana Public Service Company, November 2009
- Bay State Gas Company, November 2009

Special Comment:

- Gas Pipelines: Which Are Vulnerable to Emerging Risks?, October 2009 (120716)

Issuer Comment:

- Moody's comments on FERC's pipeline rate investigation, November 24, 2009

Industry Outlooks:

- Natural Gas Transmission Solid but New Concerns Emerge, October 2009 (120250)
- U.S. Regulated Electric Utilities, October 2009 (118776)

Rating Methodologies:

- Regulated Electric and Gas Utilities, August 2009 (118481)
- North American Natural Gas Pipelines, December 2006 (101229)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

NiSource Inc.

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NiSource Inc.

Major Rating Factors

Corporate Credit Rating
BBB-/Negative/NR

Strengths:

- Conservative business strategy that focuses almost exclusively on regulated businesses;
- Significant scale as one of the largest integrated pipeline and gas storage companies in the U.S.;
- A nine-state scope of operations that mitigates weather and regulatory risk;
- Relatively constructive regulation; and
- A competitive gas distribution and pipeline cost structure.

Weaknesses:

- Weak overall financial profile with liberal debt leverage for the rating level;
- Constrained liquidity position;
- Declining customer usage and increased attrition in the gas distribution segment;
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector, and
- A recently increased tolerance for a more aggressive financial position.

Rationale

The ratings on NiSource are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated gas distribution (35% of consolidated cash flow), gas transmission and storage (32%), and vertically integrated electric operations (33%). As of Sept 30, 2008, NiSource had total adjusted debt, including operating leases and tax-affected pensions and postretirement obligations, totaled about $8 billion.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource's aggressive capital-spending program, although it was recently curtailed, will still result in negative free cash flow and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the acquisition of Sugar Creek will improve and further stabilize cash in the longer-term.

NiSource's business plan, which centers almost exclusively on regulated businesses, a diverse service area encompassing nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. NiSource's aggressive capital-spending program, although now scaled back slightly, will still result in negative free cash flow and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies and several pipeline expansions will improve and further stabilize cash in the longer term, however.

Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. NIPSCO's pending rate case will also influence future performance, although the process is still in its early stages and a result that is not markedly different than the company's expectations is not expected to dramatically influence cash flow metrics given the cash flow diversity from other business lines. The sale of the Whiting Clean Energy facility will require NiSource to explore other, longer-term options to replace this capacity.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position given its significant near-term capital expenditures and debt maturities. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $900 million per year, reversed this improvement. Also, the company does not plan to go ahead with the $300 million MLP IPO as announced earlier and this gap will now likely be funded by debt. The company will likely need external financing in 2009 to fund a liquidity shortfall, in addition to accessing the capital markets to meet about $461 million of 2009 debt maturities. As a result, NiSource's already weak financial profile could be pressured further if it can not raise funds in a timely manner or has to incur high interest rates due to currently strained debt and equity markets. For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, cash flow is not expected to improve from current levels for several years due to the financing and operating costs of buying Sugar Creek, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to be constrained in 2009. In addition to capital spending, other projected uses of cash include dividends of about $250 million, debt maturities of $461 million, and payments associated with the Tawney settlement (about $230 million after-tax). Given these uses of cash and projected cash from operations of about $1 billion and about $680 million of available credit facility capacity and cash, we expect NiSource to have a negative liquidity position of about $450 million. NiSource also has $1 billion of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years.

Funding vehicle NiSource Finance Corp. has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. In September 2008, NiSource Finance entered into a new $500 million credit facility expiring in March 2009. As of Sept. 30, 2008, the company had about $654 million available under the facilities and $25 million in unrestricted cash. The company issued $700 million of debt in May 2008 and used it to reduce short-term borrowings, as well as to fund capital expenditures and for general corporate purposes. However, maturities of $461 million in 2009 and $1 billion in 2010 substantially exceed cash flow estimates and will require refinancing.

Outlook

The negative outlook reflects our expectation of a strained liquidity position in 2009 given sizable capital spending requirements, debt maturities, and payments related to the Tawney lawsuit. We could lower the rating if the company cannot obtain adequate funding and the shortfall in liquidity is prolonged throughout the first half of 2009. We could also lower the rating if the company's financial profile and credit metrics continue to be weak and anticipated cash flow improvements do not transpire; specifically an FFO to debt ratio of about 10% would lead to a lower rating. We could revise the outlook to stable if the company's liquidity position improves to the point where excess liquidity of about $300 million to $500 million is achieved or there is a considerable improvement in cash flow metrics, specifically FFO to debt of more than 15% on a sustained basis.

Accounting

Standard & Poor's adjusts NiSource Inc's financial statements for operating leases, pension and postretirement obligations, asset retirement obligations and accrued interest. The adjustments include adding a debt equivalent, interest expense, and depreciation to the company's reported financial statements. We added additional debt to the balance sheet for operating leases ($219 million), pension and postretirement obligations ($245 million), asset retirement obligations ($85 million), accrued interest ($99 million), and trade receivables sold ($402 million).

Due to the distortions in leverage and cash flow metrics caused by the substantial seasonal working-capital requirements of the regulated gas utilities, Standard & Poor's adjusts inventory and debt balances by netting the value of inventory against the outstanding commercial paper for the regulated subsidiaries. This adjustment provides a more accurate view of the company's financial performance as the utilities short-term borrowings will decline as inventories shrink and accounts receivable are monetized, with support from commodity pass-through mechanisms.

NiSource Inc follows SFAS 71, Accounting for Effects of Certain Types of Regulation for its regulated operations. As of Sept. 30, 2008, NiSource Inc had about $1.129 billion in regulatory assets versus about $1.452 billion in regulatory liabilities. Net regulatory liabilities were 2.6% of total capitalization.

Table 1

NiSource Inc. -- Peer Comparison*

Industry Sector: Combo

	--Average of past three fiscal years--			
	NiSource Inc.	**Vectren Corp.**	**Spectra Energy Corp**	**Dominion Resources Inc.**
Rating as of Jan. 6, 2009	BBB-/Negative/NR	A-/Stable/--	BBB+/Stable/--	A-/Stable/A-2
(Mil. $)				
Revenues	7,776.3	2,117.2	6,242.7	16,724.5
Net income from cont. oper.	303.0	129.6	1,096.3	1,767.3
Funds from operations (FFO)	867.5	295.9	1,530.8	2,300.5
Capital expenditures	697.8	282.3	1,059.0	1,996.3
Debt	7,258.3	1,732.1	9,919.6	18,625.3
Equity	5,329.2	1,235.1	8,733.0	11,345.2
Adjusted ratios				
Oper. income (bef. D&A)/revenues (%)	20.0	21.1	31.5	25.3
EBIT interest coverage (x)	2.1	3.1	2.9	2.4
EBITDA interest coverage (x)	3.4	4.5	4.0	3.5
Return on capital (%)	6.8	9.7	8.6	7.8
FFO/debt (%)	12.0	17.1	15.4	12.4

Table 1

NiSource Inc. -- Peer Comparison* (cont.)

Debt/EBITDA (x)	4.8	3.9	3.6	4.5

*Fully adjusted (including postretirement obligations).

Table 2

NiSource Inc. -- Financial Summary*

Industry Sector: Combo

	--Fiscal year ended Dec. 31--				
	2007	**2006**	**2005**	**2004**	**2003**
Rating history	BBB-/Stable/NR	BBB/Stable/NR	BBB/Stable/NR	BBB/Stable/NR	BBB/Stable/NR
(Mil. $)					
Revenues	7,939.8	7,490.0	7,899.1	6,666.2	6,246.6
Net income from continuing operations	312.0	313.5	283.6	430.2	425.7
Funds from operations (FFO)	906.7	715.4	980.4	1,106.6	1,066.6
Capital expenditures	848.1	640.2	605.0	592.0	572.1
Cash and short-term investments	36.0	33.1	69.4	30.1	27.3
Debt	7,281.2	7,112.4	7,381.3	7,261.5	7,379.6
Preferred stock	0.0	0.0	81.1	81.1	81.1
Equity	5,389.3	5,249.6	5,348.9	4,859.9	4,369.4
Debt and equity	12,670.5	12,361.9	12,730.2	12,121.4	11,749.0
Adjusted ratios					
EBIT interest coverage (x)	2.1	2.1	2.3	2.6	2.3
FFO int. cov. (x)	2.9	2.5	3.0	3.4	2.9
FFO/debt (%)	12.5	10.1	13.3	15.2	14.5
Discretionary cash flow/debt (%)	(3.5)	4.5	(1.1)	3.6	(3.0)
Net Cash Flow / Capex (%)	77.2	72.4	120.7	145.9	136.8
Debt/debt and equity (%)	57.5	57.5	58.0	59.9	62.8
Return on common equity (%)	5.8	6.0	5.7	9.2	9.9
Common dividend payout ratio (un-adj.) (%)	80.8	80.0	88.3	56.5	66.7

*Fully adjusted (including postretirement obligations).

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

	--Fiscal year ended Dec. 31, 2007--								
NiSource Inc. reported amounts									
	Debt	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	6,689.3	5,076.6	1,492.5	1,492.5	933.3	400.7	756.9	756.9	788.3
Standard & Poor's adjustments									
Trade receivables sold or securitized	402.4	--	--	--	--	20.1	--	--	--
Operating leases	218.6	--	48.1	12.6	12.6	12.6	35.5	35.5	76.9

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.)

Postretirement benefit obligations	244.6	--	(8.6)	(8.6)	(8.6)	--	66.4	66.4	--
Accrued interest not included in reported debt	99.3	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	17.1	(17.1)	(17.1)	(17.1)
Share-based compensation expense	--	--	--	4.4	--	--	--	--	--
Asset retirement obligations	85.2	--	6.7	6.7	6.7	6.7	1.1	1.1	--
Exploration costs	--	--	--	9.4	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	2.9	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	63.9	--
Other	(458.2)	312.7	--	--	--	--	--	--	--
Total adjustments	591.9	312.7	46.2	24.5	13.6	56.5	85.9	149.8	59.8

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	7,281.2	5,389.3	1,538.7	1,517.0	946.9	457.2	842.8	906.7	848.1

*NiSource Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of January 6, 2009)*

NiSource Inc.	
Corporate Credit Rating	BBB-/Negative/NR
Senior Unsecured (8 Issues)	BBB-
Corporate Credit Ratings History	
16-Dec-2008	BBB-/Negative/NR
18-Dec-2007	BBB-/Stable/NR
02-Nov-2007	BBB/Watch Neg/NR
Financial Risk Profile	Aggressive
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (2 Issues)	BBB-

Ratings Detail (As Of January 6, 2009)*(cont.)	
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Negative/--
Senior Unsecured (1 Issue)	BBB-
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (1 Issue)	A/Negative
Senior Unsecured (3 Issues)	AA/NR
Senior Unsecured (4 Issues)	AA/Negative
Senior Unsecured (3 Issues)	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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January 6, 2009

NiSource Finance Corp.

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NiSource Finance Corp.

Major Rating Factors

Corporate Credit Rating
BBB-/Negative/--

Strengths:

- Conservative business strategy that focuses almost exclusively on regulated businesses;
- Significant scale as one of the largest integrated pipeline and gas storage companies in the U.S.;
- A nine-state scope of operations that mitigates weather and regulatory risk;
- Relatively constructive regulation; and
- A competitive gas distribution and pipeline cost structure.

Weaknesses:

- Weak overall financial profile with liberal debt leverage for the rating level;
- Constrained liquidity position;
- Declining customer usage and increased attrition in the gas distribution segment;
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector, and
- A recently increased tolerance for a more aggressive financial position.

Rationale

Standard & Poor's Ratings Services derives NiSource Finance Corp.'s corporate credit rating from parent NiSource Inc.'s consolidated credit profile. The ratings on NiSource are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Negative/--), and Bay State Gas Co. (BBB-/Negative/--). Merrillville, Ind.-based NiSource is involved in regulated natural gas distribution (about 35% of consolidated cash flow), gas transmission and storage (roughly 32%), and vertically integrated electric operations (about 33%). As of Sept. 30, 2008, NiSource's adjusted debt, including operating leases and tax-affected pensions and postretirement obligations, totaled about $8 billion.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource's aggressive capital-spending program, although it was recently curtailed, will still result in negative free cash flow and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the acquisition of Sugar Creek will improve and further stabilize cash in the longer-term.

NiSource's business plan, which centers almost exclusively on regulated businesses, a diverse service area encompassing nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper

NiSource's strengths. NiSource's aggressive capital-spending program, although now scaled back slightly, will still result in negative free cash flow and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies and several pipeline expansions will improve and further stabilize cash in the longer term, however.

Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. NIPSCO's pending rate case will also influence future performance, although the process is still in its early stages and a result that is not markedly different than the company's expectations is not expected to dramatically influence cash flow metrics given the cash flow diversity from other business lines. The sale of the Whiting Clean Energy facility will require NiSource to explore other, longer-term options to replace this capacity.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position given its significant near-term capital expenditures and debt maturities. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $900 million per year, reversed this improvement. Also, the company does not plan to go ahead with the $300 million MLP IPO as announced earlier and this gap will now likely be funded by debt. The company will likely need external financing in 2009 to fund a liquidity shortfall, in addition to accessing the capital markets to meet about $461 million of 2009 debt maturities. As a result, NiSource's already weak financial profile could be pressured further if it can not raise funds in a timely manner or has to incur high interest rates due to currently strained debt and equity markets. For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, cash flow is not expected to improve from current levels for several years due to the financing and operating costs of buying Sugar Creek, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to be constrained in 2009. In addition to capital spending, other projected uses of cash include dividends of about $250 million, debt maturities of $461 million, and payments associated with the Tawney settlement (about $230 million after-tax). Given these uses of cash and projected cash from operations of about $1 billion and about $680 million of available credit facility capacity and cash, we expect NiSource to have a negative liquidity position of about $450 million. NiSource also has $1 billion of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years.

Funding vehicle NiSource Finance Corp. has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. In September 2008, NiSource Finance entered into a new $500 million credit facility expiring in March 2009. As of Sept. 30, 2008, the company had about $654 million available under the facilities and $25 million in unrestricted cash. The company issued $700 million of debt in May 2008 and used it to reduce short-term borrowings, as well as to fund capital expenditures and for general corporate purposes. However, maturities of $461 million in 2009 and $1 billion in 2010 substantially exceed cash flow estimates and will require refinancing.

Outlook

The negative outlook reflects our expectation of a strained liquidity position in 2009 given sizable capital spending requirements, debt maturities, and payments related to the Tawney lawsuit. We could lower the rating if the company cannot obtain adequate funding and the shortfall in liquidity is prolonged throughout the first half of 2009. We could also lower the rating if the company's financial profile and credit metrics continue to be weak and anticipated cash flow improvements do not transpire; specifically an FFO to debt ratio of about 10% would lead to a lower rating. We could revise the outlook to stable if the company's liquidity position improves to the point where excess liquidity of about $300 million to $500 million is achieved or there is a considerable improvement in cash flow metrics, specifically FFO to debt of more than 15% on a sustained basis.

Accounting

Standard & Poor's adjusts NiSource Inc's financial statements for operating leases, pension and postretirement obligations, asset retirement obligations and accrued interest. The adjustments include adding a debt equivalent, interest expense, and depreciation to the company's reported financial statements. We added additional debt to the balance sheet for operating leases ($219 million), pension and postretirement obligations ($245 million), asset retirement obligations ($85 million), accrued interest ($99 million), and trade receivables sold ($402 million).

Due to the distortions in leverage and cash flow metrics caused by the substantial seasonal working-capital requirements of the regulated gas utilities, Standard & Poor's adjusts inventory and debt balances by netting the value of inventory against the outstanding commercial paper for the regulated subsidiaries. This adjustment provides a more accurate view of the company's financial performance as the utilities short-term borrowings will decline as inventories shrink and accounts receivable are monetized, with support from commodity pass-through mechanisms.

NiSource Inc follows SFAS 71, Accounting for Effects of Certain Types of Regulation for its regulated operations. As of Sept. 30, 2008, NiSource Inc had about $1.129 billion in regulatory assets versus about $1.452 billion in regulatory liabilities. Net regulatory liabilities were 2.6% of total capitalization.

Table 1

NiSource Inc. -- Peer Comparison*

Industry Sector: Combo

	NiSource Inc.	Vectren Corp.	Spectra Energy Corp	Dominion Resources Inc.
Rating as of Jan. 6, 2009	BBB-/Negative/NR	A-/Stable/--	BBB+/Stable/--	A-/Stable/A-2
	--Average of past three fiscal years--			
(Mil. $)				
Revenues	7,776.3	2,117.2	6,242.7	16,724.5
Net income from cont. oper.	303.0	129.6	1,096.3	1,767.3
Funds from operations (FFO)	867.5	295.9	1,530.8	2,300.5
Capital expenditures	697.8	282.3	1,059.0	1,996.3
Debt	7,258.3	1,732.1	9,919.6	18,625.3
Equity	5,329.2	1,235.1	8,733.0	11,345.2
Adjusted ratios				
Oper. income (bef. D&A)/revenues (%)	20.0	21.1	31.5	25.3

Table 1

NiSource Inc. -- Peer Comparison* (cont.)				
EBIT interest coverage (x)	2.1	3.1	2.9	2.4
EBITDA interest coverage (x)	3.4	4.5	4.0	3.5
Return on capital (%)	6.8	9.7	8.6	7.8
FFO/debt (%)	12.0	17.1	15.4	12.4
Debt/EBITDA (x)	4.8	3.9	3.6	4.5

*Fully adjusted (including postretirement obligations).

Table 2

NiSource Inc. -- Financial Summary*

Industry Sector: Combo

	--Fiscal year ended Dec. 31--				
	2007	2006	2005	2004	2003
Rating history	BBB-/Stable/NR	BBB/Stable/NR	BBB/Stable/NR	BBB/Stable/NR	BBB/Stable/NR
(Mil. $)					
Revenues	7,939.8	7,490.0	7,899.1	6,666.2	6,246.6
Net income from continuing operations	312.0	313.5	283.6	430.2	425.7
Funds from operations (FFO)	906.7	715.4	980.4	1,106.6	1,066.6
Capital expenditures	848.1	640.2	605.0	592.0	572.1
Cash and short-term investments	36.0	33.1	69.4	30.1	27.3
Debt	7,281.2	7,112.4	7,381.3	7,261.5	7,379.6
Preferred stock	0.0	0.0	81.1	81.1	81.1
Equity	5,389.3	5,249.6	5,348.9	4,859.9	4,369.4
Debt and equity	12,670.5	12,361.9	12,730.2	12,121.4	11,749.0
Adjusted ratios					
EBIT interest coverage (x)	2.1	2.1	2.3	2.6	2.3
FFO int. cov. (x)	2.9	2.5	3.0	3.4	2.9
FFO/debt (%)	12.5	10.1	13.3	15.2	14.5
Discretionary cash flow/debt (%)	(3.5)	4.5	(1.1)	3.6	(3.0)
Net Cash Flow / Capex (%)	77.2	72.4	120.7	145.9	136.8
Debt/debt and equity (%)	57.5	57.5	58.0	59.9	62.8
Return on common equity (%)	5.8	6.0	5.7	9.2	9.9
Common dividend payout ratio (un-adj.) (%)	80.8	80.0	88.3	56.5	66.7

*Fully adjusted (including postretirement obligations).

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

--Fiscal year ended Dec. 31, 2007--

NiSource Inc. reported amounts

	Debt	Shareholders' equity	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Capital expenditures
Reported	6,689.3	5,076.6	1,492.5	1,492.5	933.3	400.7	756.9	756.9	788.3

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.)

Standard & Poor's adjustments									
Trade receivables sold or securitized	402.4	--	--	--	--	20.1	--	--	--
Operating leases	218.6	--	48.1	12.6	12.6	12.6	35.5	35.5	76.9
Postretirement benefit obligations	244.6	--	(8.6)	(8.6)	(8.6)	--	66.4	66.4	--
Accrued interest not included in reported debt	99.3	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	17.1	(17.1)	(17.1)	(17.1)
Share-based compensation expense	--	--	--	4.4	--	--	--	--	--
Asset retirement obligations	85.2	--	6.7	6.7	6.7	6.7	1.1	1.1	--
Exploration costs	--	--	--	9.4	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	2.9	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	63.9	--
Other	(458.2)	312.7	--	--	--	--	--	--	--
Total adjustments	591.9	312.7	46.2	24.5	13.6	56.5	85.9	149.8	59.8

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	7,281.2	5,389.3	1,538.7	1,517.0	946.9	457.2	842.8	906.7	848.1

*NiSource Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of January 6, 2009)*

NiSource Finance Corp.	
Corporate Credit Rating	BBB-/Negative/--
Senior Unsecured (1 Issue)	BBB-
Corporate Credit Ratings History	
16-Dec-2008	BBB-/Negative/--
18-Dec-2007	BBB-/Stable/--
02-Nov-2007	BBB/Watch Neg/--
Financial Risk Profile	Aggressive

Ratings Detail (As Of January 6, 2009)* (cont.)	
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Inc.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (8 Issues)	BBB-
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Negative/NR
Senior Unsecured (1 Issue)	A/Negative
Senior Unsecured (3 Issues)	AA/NR
Senior Unsecured (4 Issues)	AA/Negative
Senior Unsecured (3 Issues)	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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March 10, 2009

NiSource Inc.

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NiSource Inc.

Major Rating Factors

Corporate Credit Rating
BBB-/Stable/NR

Strengths:

- Conservative business strategy that focuses almost exclusively on regulated businesses;
- Significant scale as one of the largest integrated pipeline and gas storage companies in the U.S.;
- A nine-state scope of operations that mitigates weather and regulatory risk;
- Relatively constructive regulation; and
- A competitive gas distribution and pipeline cost structure.

Weaknesses:

- Weak overall financial profile with liberal debt leverage for the rating level;
- Constrained liquidity position expectations for 2010;
- Declining customer usage and increased attrition in the gas distribution segment;
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector, and
- A recently increased tolerance for a more aggressive financial position.

Rationale

The ratings on NiSource Inc. are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated gas distribution (35% of consolidated cash flow), gas transmission and storage (32%), and vertically integrated electric operations (33%).

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource recently curtailed its aggressive capital-spending program to $800 million from $1 billion, but nonetheless is likely to still result in negative free cash flow for 2009 and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base will improve and further stabilize cash in the longer term.

NiSource's business strategy, which centers almost exclusively on regulated businesses, as well as a diverse service area that encompasses nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. The company's continued execution of regulatory initiatives is also a step in this direction. The resolution of the recent rate cases at Columbia Gas of Pennsylvania and Columbia Gas of Ohio depict the improvement in the regulatory environment. NIPSCO's pending rate case will also influence future performance. Although the process is still in its early stages, we do not anticipate that a result that is not markedly different than the company's expectations to dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. Also, the company has further delayed the $300 million master limited partnership IPO as announced earlier and will now likely fund this gap with debt. While recent external financings have been positive from a liquidity perspective, NiSource's already weak financial profile will be hurt even more if it continues to incur high interest rates on its borrowings, which could further pressure credit metrics.

For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. However, the higher interest rates the company is experiencing will likely pressure interest coverage ratios. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to remain adequate in 2009 given recent capital markets issuances, but it will likely be tight again in 2010 due to substantial debt maturities of about $943 million. For 2009, in addition to capital spending of $800 million, other projected uses of cash include dividends of about $254 million, debt maturities of $429 million coming up in November 2009, and payments associated with the Tawney settlement (about ($232 million after-tax. The company's pension and postretirement plans are also significantly underfunded (about $1.2 billion as of Dec. 31, 2008) so cash contributions to the plans are expected to total about $100 million more in 2009 than in 2008. Given these uses of cash and projected cash from operations of about $950 million and expected improvements in working capital of about $230 million, NiSource is able to meet its 2009 debt maturities via the $865 million of funds sourced from the NiSource Finance debt issue and bank loan. As of Dec. 31, 2008, NiSource had about $770 million of available credit facility capacity and unrestricted cash to provide liquidity support too. However, NiSource has about $933 million of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years. In 2010, while payments under the Tawney settlement will not occur and excess liquidity from the recent financings could be used to reduce debt, uses of cash (capital spending, dividends, and debt maturities) could total about $2 billion while cash from operations is expected to be about half this figure. This could create a significant liquidity shortfall next year that could affect ratings unless the company refinances the debt, albeit at potentially higher interest rates. The company only has $27 million of debt maturities in 2011, but the bank loan is also due that year.

Funding vehicle NiSource Finance has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. As of Dec. 31, 2008, the company had about $750 million available under the facilities and $20 million in unrestricted cash.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position throughout 2009. We also expect NiSource to continue the stable operating and financial performance of its regulated subsidiaries while executing on its capital expenditure program without material construction cost overruns or completion delays. We could revise the outlook to negative if the company's liquidity position deteriorates and a slight shortfall in the company's sources and uses of cash is expected in advance of the 2010 debt maturities (assuming they're refinanced), or an increase in borrowing costs creates further weakness in key credit metrics, which have no cushion to withstand any further degradation. We could lower the rating if the company can't get the required funds for the 2010 debt maturities well in advance of their refinancing need or if key credit metrics decline, specifically an FFO to debt ratio of about 10% to 11%. While an outlook revision to positive or higher ratings are not currently contemplated, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management is not specifically contemplating any of these strategies at this time.

Accounting

Standard & Poor's adjusts NiSource Inc's financial statements for operating leases, pension and postretirement obligations, asset retirement obligations and accrued interest. The adjustments include adding a debt equivalent, interest expense, and depreciation to the company's reported financial statements. At Dec. 31, 2008, we added additional debt to the balance sheet for operating leases ($191 million), pension and postretirement obligations ($790 million), asset retirement obligations ($82 million), accrued interest ($120 million), and trade receivables sold ($356 million).

Due to the distortions in leverage and cash flow metrics caused by the substantial seasonal working-capital requirements of the regulated gas utilities, Standard & Poor's adjusts inventory and debt balances by netting the value of inventory against the outstanding commercial paper for the regulated subsidiaries. This adjustment provides a more accurate view of the company's financial performance as the utilities short-term borrowings will decline as inventories shrink and accounts receivable are monetized, with support from commodity pass-through mechanisms.

NiSource Inc. follows LIFO method to value natural gas in storage. Accordingly, we add back the LIFO reserve to inventory, and to equity (on a post-tax basis) in order to reflect inventory balances at approximate current market value.

NiSource Inc follows SFAS 71, Accounting for Effects of Certain Types of Regulation for its regulated operations. As of Dec. 31, 2008, NiSource Inc had about $1.955 billion in regulatory assets versus about $1.427 billion in regulatory liabilities. Net regulatory assets were 4.95% of total capitalization.

Table 1

NiSource Inc. -- Peer Comparison*

Industry Sector: Combo

	NiSource Inc.	Vectren Corp.	Spectra Energy Corp	Dominion Resources Inc.
Rating as of March 9, 2009	BBB-/Stable/NR	A-/Stable/--	BBB+/Stable/--	A-/Stable/A-2
	--Average of past three fiscal years--			
(Mil. $)				
Revenues	8101.3	2269.4	4759.7	16140.8
Net income from cont. oper.	331.8	127.0	1000.3	2034.7
Funds from operations (FFO)	921.8	348.7	1317.2	2456.3
Capital expenditures	924.0	335.9	1230.4	2537.0
Debt	7665.5	1860.5	10000.7	18430.7
Equity	5182.1	1294.1	6700.7	11336.5
Adjusted ratios				
Oper. income (bef. D&A)/revenues (%)	18.8	19.7	40.6	27.8
EBIT interest coverage (x)	2.1	2.8	3.2	2.7
EBITDA interest coverage (x)	3.4	4.5	4.2	3.8
Return on capital (%)	6.5	8.7	10.3	8.9
FFO/debt (%)	12.0	18.7	13.2	13.3
Debt/EBITDA (x)	5.1	4.0	3.6	4.2

*Fully adjusted (including postretirement obligations).

Table 2

NiSource Inc. -- Financial Summary*

Industry Sector: Combo

	--Fiscal year ended Dec. 31--				
	2008	2007	2006	2005	2004
Rating history	BBB-/Negative/NR	BBB-/Stable/NR	BBB/Stable/NR	BBB/Stable/NR	BBB/Stable/NR
(Mil. $)					
Revenues	8,874.2	7,939.8	7,490.0	7,899.1	6,666.2
Net income from continuing operations	369.8	312.0	313.5	283.6	430.2
Funds from operations (FFO)	1,143.4	906.7	715.4	980.4	1,106.6
Capital expenditures	1,283.6	848.1	640.2	605.0	592.0
Cash and short-term investments	20.6	36.0	33.1	69.4	30.1
Debt	8,602.9	7,281.2	7,112.4	7,381.3	7,261.5
Preferred stock	0	0	0	81.1	81.1
Equity	4,907.5	5,389.3	5,249.6	5,348.9	4,859.9
Debt and equity	13,510.4	12,670.5	12,361.9	12,730.2	12,121.4
Adjusted ratios					
EBIT interest coverage (x)	2.1	2.1	2.1	2.3	2.6
FFO int. cov. (x)	3.5	2.9	2.5	3.0	3.4
FFO/debt (%)	13.3	12.5	10.1	13.3	15.2
Discretionary cash flow/debt (%)	(10.5)	(3.5)	4.5	(1.1)	3.6

Table 2

NiSource Inc. -- Financial Summary* (cont.)					
Net Cash Flow / Capex (%)	69.4	77.2	72.4	120.7	145.9
Debt/debt and equity (%)	63.7	57.5	57.5	58.0	59.9
Return on common equity (%)	7.1	5.8	6.0	5.7	9.2
Common dividend payout ratio (un-adj.) (%)	68.3	80.8	80.0	88.3	56.5

*Fully adjusted (including postretirement obligations).

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

--Fiscal year ended Dec. 31, 2008--

NiSource Inc. reported amounts

	Debt	Shareholders' equity	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations	Cash flow from operations	Capital expenditures
Reported	7,576.7	4,728.8	1,480.2	1,480.2	913.0	380.1	587.5	587.5	1,299.6
Standard & Poor's adjustments									
Trade receivables sold or securitized	355.5	--	--	--	--	17.8	--	--	--
Operating leases	190.6	--	47.1	11.6	11.6	11.6	35.5	35.5	7.5
Postretirement benefit obligations	789.9	--	(20.2)	(20.2)	(20.2)	--	31.7	31.7	--
Accrued interest not included in reported debt	120.1	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	23.5	(23.5)	(23.5)	(23.5)
Share-based compensation expense	--	--	--	9.5	--	--	--	--	--
Asset retirement obligations	81.9	--	6.0	6.0	6.0	6.0	1.4	1.4	--
Exploration costs	--	--	--	12.3	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	29.9	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	510.8	--
Other	(511.8)	178.7	--	--	--	--	--	--	--
Total adjustments	1,026.2	178.7	32.9	19.2	27.3	58.9	45.1	555.9	(16.0)

Table 3

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.)

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	8,602.9	4,907.5	1,513.1	1,499.4	940.3	439.0	632.6	1,143.4	1,283.6

*NiSource Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Ratings Detail (As Of March 10, 2009)*	
NiSource Inc.	
Corporate Credit Rating	BBB-/Stable/NR
Senior Unsecured (9 Issues)	BBB-
Corporate Credit Ratings History	
05-Mar-2009	BBB-/Stable/NR
16-Dec-2008	BBB-/Negative/NR
18-Dec-2007	BBB-/Stable/NR
02-Nov-2007	BBB/Watch Neg/NR
Financial Risk Profile	Aggressive
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Stable/--
Senior Unsecured (1 Issue)	BBB-
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (1 Issue)	A/Negative
Senior Unsecured (2 Issues)	AA-/Watch Dev
Senior Unsecured (5 Issues)	BBB+/Negative
Senior Unsecured (3 Issues)	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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March 10, 2009

Summary:
NiSource Inc.

Primary Credit Analyst:
William Ferara, New York (1) 212-438-1776; bill_ferara@standardandpoors.com

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Summary:
NiSource Inc.

Credit Rating: BBB-/Stable/NR

Rationale

The ratings on NiSource Inc. are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated gas distribution (35% of consolidated cash flow), gas transmission and storage (32%), and vertically integrated electric operations (33%).

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource recently curtailed its aggressive capital-spending program to $800 million from $1 billion, but nonetheless is likely to still result in negative free cash flow for 2009 and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base will improve and further stabilize cash in the longer term.

NiSource's business strategy, which centers almost exclusively on regulated businesses, as well as a diverse service area that encompasses nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. The company's continued execution of regulatory initiatives is also a step in this direction. The resolution of the recent rate cases at Columbia Gas of Pennsylvania and Columbia Gas of Ohio depict the improvement in the regulatory environment. NIPSCO's pending rate case will also influence future performance. Although the process is still in its early stages, we do not anticipate that a result that is not markedly different than the company's expectations to dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. Also, the company has further delayed the $300 million master limited partnership IPO as announced earlier and will now likely fund this gap with debt. While recent external financings have been positive from a liquidity perspective, NiSource's already weak financial profile will be hurt even more if it continues to incur high interest rates on its borrowings, which could further pressure credit metrics.

For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. However, the higher interest rates the company is experiencing will likely pressure interest coverage ratios. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to remain adequate in 2009 given recent capital markets issuances, but it will likely be tight again in 2010 due to substantial debt maturities of about $943 million. For 2009, in addition to capital spending of $800 million, other projected uses of cash include dividends of about $254 million, debt maturities of $429 million coming up in November 2009, and payments associated with the Tawney settlement (about ($232 million after-tax. The company's pension and postretirement plans are also significantly underfunded (about $1.2 billion as of Dec. 31, 2008) so cash contributions to the plans are expected to total about $100 million more in 2009 than in 2008. Given these uses of cash and projected cash from operations of about $950 million and expected improvements in working capital of about $230 million, NiSource is able to meet its 2009 debt maturities via the $865 million of funds sourced from the NiSource Finance debt issue and bank loan. As of Dec. 31, 2008, NiSource had about $770 million of available credit facility capacity and unrestricted cash to provide liquidity support too. However, NiSource has about $933 million of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years. In 2010, while payments under the Tawney settlement will not occur and excess liquidity from the recent financings could be used to reduce debt, uses of cash (capital spending, dividends, and debt maturities) could total about $2 billion while cash from operations is expected to be about half this figure. This could create a significant liquidity shortfall next year that could affect ratings unless the company refinances the debt, albeit at potentially higher interest rates. The company only has $27 million of debt maturities in 2011, but the bank loan is also due that year.

Funding vehicle NiSource Finance has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. As of Dec. 31, 2008, the company had about $750 million available under the facilities and $20 million in unrestricted cash.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position throughout 2009. We also expect NiSource to continue the stable operating and financial performance of its regulated subsidiaries while executing on its capital expenditure program without material construction cost overruns or completion delays. We could revise the outlook to negative if the company's liquidity position deteriorates and a slight shortfall in the company's sources and uses of cash is expected in advance of the 2010 debt maturities (assuming they're refinanced), or an increase in borrowing costs creates further weakness in key credit metrics, which have no cushion to withstand any further degradation. We could lower the rating if the company can't get the required funds for the 2010 debt maturities well in advance of their refinancing need or if key credit metrics decline, specifically an FFO to debt ratio of about 10% to 11%. While an outlook revision to positive or higher ratings are not currently contemplated, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management is not specifically contemplating any of these strategies at this time.

PSC Case No. 2013-00167
AG Set 1 DR No. 113
Attachment I
Respondent: P. R. Moul
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STANDARD &POOR'S

RATINGSDIRECT®

March 5, 2009

Research Update:

NiSource Finance's $600 Million Notes Rated 'BBB-'; NiSource Inc.'s Outlook Revised To Stable

Primary Credit Analyst:
William Ferara, New York (1) 212-438-1776;bill_ferara@standardandpoors.com

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Research Update:

NiSource Finance's $600 Million Notes Rated 'BBB-'; NiSource Inc.'s Outlook Revised To Stable

Rationale

On March 5, 2009, Standard & Poor's Ratings Services assigned its 'BBB-' rating to NiSource Finance Corp.'s $600 million senior unsecured notes due 2016, which are unconditionally guaranteed by parent NiSource Inc. At the same time, we affirmed NiSource Inc.'s 'BBB-' corporate credit rating and revised the outlook to stable from negative. NiSource will use the proceeds to repay floating-rates notes at NiSource Finance and for general corporate purposes. As of Dec. 31, 2008, NiSource's total reported debt totaled about $7.6 billion.

The outlook revision to stable reflects the company's improved liquidity position due to the $600 million NiSource Finance note issuance and the recently executed $265 million two-year bank loan. These actions have enabled NiSource to raise sufficient funds to the point where it should have an adequate liquidity cushion and meet debt maturities of about $429 million in 2009, as well as meet expected cash payments under the Tawney legal settlement and fund remaining amounts under an approximately $800 million capital program. These recent financings have come at substantially higher interest rates than the existing debt, however, which may place long-term pressure on the company's financial profile and could notably hamper interest coverage ratios over the next several years. The company continues to project a liquidity shortfall in 2010 due to significant debt maturities of about $943 million, which, when coupled with expected capital expenditures and dividend payments, will substantially exceed cash flow estimates and require refinancing. These risks will continue to weigh on the rating. However, management's commitment to easing liquidity concerns and NiSource's demonstrated access to capital markets under difficult market conditions suggests that these financings are manageable.

The ratings on NiSource Inc. are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co.(BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated gas distribution (35% of consolidated cash flow), gas transmission and storage (32%), and vertically integrated electric operations (33%).

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource recently curtailed its aggressive capital-spending program to $800 million from $1 billion, but nonetheless is likely to still result in negative free cash flow for 2009 and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base will improve and further stabilize cash in the longer term.

NiSource's business strategy, which centers almost exclusively on regulated businesses, as well as a diverse service area that encompasses nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. NIPSCO's pending rate case will also influence future performance. Although the process is still in its early stages, we do not anticipate that a result that is not markedly different than the company's expectations to dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. Also, the company has further delayed the $300 million master limited partnership IPO as announced earlier and will now likely fund this gap with debt. While recent external financings have been positive from a liquidity perspective, NiSource's already weak financial profile will be hurt even more if it continues to incur high interest rates on its borrowings, which could further pressure credit metrics.

For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. However, the higher interest rates the company is experiencing will likely pressure interest coverage ratios. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to remain adequate in 2009 given recent capital markets issuances, but it will likely be tight again in 2010 due to substantial debt maturities of about $943 million. For 2009, in addition to capital spending of $800 million, other projected uses of cash include dividends of about $254 million, debt maturities of $429 million, and payments associated with the Tawney settlement (about $232 million after-tax).

The company's pension and postretirement plans are also significantly underfunded (about $1.2 billion as of Dec. 31, 2008) so cash contributions to the plans are expected to total about $100 million more in 2009 than in 2008. Given these uses of cash and projected cash from operations of about $950 million and expected improvements in working capital of about $230 million, NiSource is able to meet its 2009 debt maturities via the $865 million of funds sourced from the NiSource Finance debt issue and bank loan. As of Dec. 31, 2008, NiSource had about $770 million of available credit facility capacity and unrestricted cash to provide liquidity support too. However, NiSource has about $933 million of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years. In 2010, while payments under the Tawney settlement will not occur and excess liquidity from the recent financings could be used to reduce debt, uses of cash (capital spending, dividends, and debt maturities) could total about $2 billion while cash from operations is expected to be about half this figure. This could create a significant liquidity shortfall next year that could affect ratings unless the company refinances the debt, albeit at potentially higher interest rates. The company only has $27 million of debt maturities in 2011, but the bank loan is also due that year.

Funding vehicle NiSource Finance has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. As of Dec. 31, 2008, the company had about $750 million available under the facilities and $20 million in unrestricted cash.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position throughout 2009. We also expect NiSource to continue the stable operating and financial performance of its regulated subsidiaries while executing on its capital expenditure program without material construction cost overruns or completion delays. We could revise the outlook to negative if the company's liquidity position deteriorates and a slight shortfall in the company's sources and uses of cash is expected in advance of the 2010 debt maturities (assuming they're refinanced), or an increase in borrowing costs creates further weakness in key credit metrics, which have no cushion to withstand any further degradation. We could lower the rating if the company can't get the required funds for the 2010 debt maturities well in advance of their refinancing need or if key credit metrics decline, specifically an FFO to debt ratio of about 10% to 11%. While an outlook revision to positive or higher ratings are not currently contemplated, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management is not specifically contemplating any of these strategies at this time.

Ratings List

Ratings Affirmed; CreditWatch/Outlook Action

	To	From
NiSource Inc.		
NiSource Finance Corp.		
Northern Indiana Public Service Co.		
NiSource Capital Markets Inc.		
Bay State Gas Co.		
Corporate Credit Rating	BBB-/Stable/--	BBB-/Negative/--

New Rating

NiSource Finance Corp.	
Senior Unsecured (1 issue)	BBB-

Ratings Affirmed

Bay State Gas Co.	
Senior Unsecured (1 issue)	BBB-
NiSource Capital Markets Inc.	
Senior Unsecured (3 issues)	BBB-
NiSource Finance Corp.	
Senior Unsecured (8 issues)	BBB-
Northern Indiana Public Service Co.	
Senior Unsecured (1 issue)	AA-/Watch Dev
Senior Unsecured (3 issues)	BBB-

Complete ratings information is available to RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; select your preferred country or region, then Ratings in the left navigation bar, followed by Find a Rating.

PSC Case No. 2013-00167
AG Set 1 DR No. 113
Attachment J
Respondent: P. R. Moul
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March 13, 2009

NiSource Finance Corp.

Primary Credit Analyst:
William Ferara, New York (1) 212-438-1776; bill_ferara@standardandpoors.com

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NiSource Finance Corp.

Major Rating Factors

Corporate Credit Rating
BBB-/Stable/--

Strengths:

- Conservative business strategy that focuses almost exclusively on regulated businesses;
- Significant scale as one of the largest integrated pipeline and gas storage companies in the U.S.;
- A nine-state scope of operations that mitigates weather and regulatory risk;
- Relatively constructive regulation; and
- A competitive gas distribution and pipeline cost structure.

Weaknesses:

- Weak overall financial profile with liberal debt leverage for the rating level;
- Constrained liquidity position;
- Declining customer usage and increased attrition in the gas distribution segment;
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector, and
- A recently increased tolerance for a more aggressive financial position.

Rationale

Standard & Poor's Ratings Services derives NiSource Finance Corp.'s corporate credit rating from parent NiSource Inc.'s consolidated credit profile. The ratings on NiSource are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated natural gas distribution (about 35% of consolidated cash flow), gas transmission and storage (roughly 32%), and vertically integrated electric operations (about 33%). As of Dec. 31, 2008, NiSource's adjusted debt, including operating leases and tax-affected pensions and postretirement obligations, totaled about $8.5 billion.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource recently curtailed its aggressive capital-spending program to $800 million from $1 billion, but nonetheless is likely to still result in negative free cash flow for 2009 and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base will improve and further stabilize cash in the longer term.

NiSource's business strategy, which centers almost exclusively on regulated businesses, as well as a diverse service area that encompasses nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. The company's continued execution of regulatory initiatives is also a step in this direction. The resolution of the recent rate cases at Columbia Gas of Pennsylvania and Columbia Gas of Ohio depict the improvement in the regulatory environment. NIPSCO's pending rate case will also influence future performance. Although the process is still in its early stages, we do not anticipate that a result that is not markedly different than the company's expectations to dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. Also, the company has further delayed the $300 million master limited partnership IPO as announced earlier and will now likely fund this gap with debt. While recent external financings have been positive from a liquidity perspective, NiSource's already weak financial profile will be hurt even more if it continues to incur high interest rates on its borrowings, which could further pressure credit metrics.

For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. However, the higher interest rates the company is experiencing will likely pressure interest coverage ratios. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to remain adequate in 2009 given recent capital markets issuances, but it will likely be tight again in 2010 due to substantial debt maturities of about $943 million. For 2009, in addition to capital spending of $800 million, other projected uses of cash include dividends of about $254 million, debt maturities of $429 million coming up in November 2009, and payments associated with the Tawney settlement (about ($232 million after-tax. The company's pension and postretirement plans are also significantly underfunded (about $1.2 billion as of Dec. 31, 2008) so cash contributions to the plans are expected to total about $100 million more in 2009 than in 2008. Given these uses of cash and projected cash from operations of about $950 million and expected improvements in working capital of about $230 million, NiSource is able to meet its 2009 debt maturities via the $865 million of funds sourced from the NiSource Finance debt issue and bank loan. As of Dec. 31, 2008, NiSource had about $770 million of available credit facility capacity and unrestricted cash to provide liquidity support too. However, NiSource has about $933 million of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years. In 2010, while payments under the Tawney settlement will not occur and excess liquidity from the recent financings could be used to reduce debt, uses of cash (capital spending, dividends, and debt maturities) could total about $2 billion while cash from operations is expected to be about half this figure. This could create a significant liquidity shortfall next year that could affect ratings unless the company refinances the debt, albeit at potentially higher interest rates. The company only has $27 million of debt maturities in 2011, but the bank loan is also due that year.

Funding vehicle NiSource Finance has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. As of Dec. 31, 2008, the company had about $750 million available under the facilities and $20 million in unrestricted cash.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position throughout 2009. We also expect NiSource to continue the stable operating and financial performance of its regulated subsidiaries while executing on its capital expenditure program without material construction cost overruns or completion delays. We could revise the outlook to negative if the company's liquidity position deteriorates and a slight shortfall in the company's sources and uses of cash is expected in advance of the 2010 debt maturities (assuming they're refinanced), or an increase in borrowing costs creates further weakness in key credit metrics, which have no cushion to withstand any further degradation. We could lower the rating if the company can't get the required funds for the 2010 debt maturities well in advance of their refinancing need or if key credit metrics decline, specifically an FFO to debt ratio of about 10% to 11%. While an outlook revision to positive or higher ratings are not currently contemplated, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management is not specifically contemplating any of these strategies at this time.

Accounting

Standard & Poor's adjusts NiSource Inc.'s financial statements for operating leases, pension and postretirement obligations, asset retirement obligations, and accrued interest. The adjustments include adding a debt equivalent, interest expense, and depreciation to the company's reported financial statements. At Dec. 31, 2008, we added additional debt to the balance sheet for operating leases ($191 million), pension and postretirement obligations ($790 million), asset retirement obligations ($82 million), accrued interest ($120 million), and trade receivables sold ($356 million).

Due to the distortions in leverage and cash flow metrics caused by the substantial seasonal working-capital requirements of the regulated gas utilities, Standard & Poor's adjusts inventory and debt balances by netting the value of inventory against the outstanding commercial paper for the regulated subsidiaries. This adjustment provides a more accurate view of the company's financial performance as the utilities short-term borrowings will decline as inventories shrink and accounts receivable are monetized, with support from commodity pass-through mechanisms.

NiSource Inc. follows a last in/first out (LIFO) method to value natural gas in storage. Accordingly, we add back the LIFO reserve to inventory, and to equity (on a post-tax basis) in order to reflect inventory balances at approximate current market value.

NiSource Inc follows SFAS 71, Accounting for Effects of Certain Types of Regulation, for its regulated operations. As of Dec. 31, 2008, NiSource Inc. had about $1.955 billion in regulatory assets versus about $1.427 billion in regulatory liabilities. Net regulatory assets were 4.95% of total capitalization.

Table 1

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

	--Fiscal year ended Dec. 31, 2008--						
NiSource Inc. reported amounts							
	Debt	Shareholders' equity	Operating income (before D&A)	Operating income (before D&A)	Operating income (after D&A)	Interest expense	Cash flow from operations
Reported	7,576.7	4,728.8	1,480.2	1,480.2	913.0	380.1	587.5
Standard & Poor's adjustments							
Trade receivables sold or securitized	355.5	--	--	--	--	17.8	--
Operating leases	190.6	--	47.1	11.6	11.6	11.6	35.5
Postretirement benefit obligations	789.9	--	(20.2)	(20.2)	(20.2)	--	31.7
Accrued interest not included in reported debt	120.1	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	23.5	(23.5)
Share-based compensation expense	--	--	--	9.5	--	--	--
Asset retirement obligations	81.9	--	6.0	6.0	6.0	6.0	1.4
Exploration costs	--	--	--	12.3	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	29.9	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--
Other	(511.8)	178.7	--	--	--	--	--
Total adjustments	1,026.2	178.7	32.9	19.2	27.3	58.9	45.1
Standard & Poor's adjusted amounts							
	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations
Adjusted	8,602.9	4,907.5	1,513.1	1,499.4	940.3	439.0	632.6

*NiSource Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Table 2

NiSource Inc. -- Peer Comparison*

Industry Sector: Combo				
	NiSource Inc.	Vectren Corp.	Spectra Energy Corp	Dominion Resources Inc.
Rating as of March 9, 2009	BBB-/Stable/--	A-/Stable/--	BBB+/Stable/--	A-/Stable/A-2
	--Average of past three fiscal years--			
(Mil. $)				
Revenues	8,101.3	2,269.4	4,759.7	16,140.8

Table 2

NiSource Inc. -- Peer Comparison* (cont.)				
Net income from cont. oper.	331.8	127.0	1,000.3	2,034.7
Funds from operations (FFO)	921.8	348.7	1,317.2	2,456.3
Capital expenditures	924.0	335.9	1,230.4	2,537.0
Debt	7,665.5	1,860.5	10,000.7	18,430.7
Equity	5,182.1	1,294.1	6,700.7	11,336.5
Adjusted ratios				
Oper. income (bef. D&A)/revenues (%)	18.8	19.7	40.6	27.8
EBIT interest coverage (x)	2.1	2.8	3.2	2.7
EBITDA interest coverage (x)	3.4	4.5	4.2	3.8
Return on capital (%)	6.5	8.7	10.3	8.9
FFO/debt (%)	12.0	18.7	13.2	13.3
Debt/EBITDA (x)	5.1	4.0	3.6	4.2

*Fully adjusted (including postretirement obligations).

Table 3

NiSource Inc. -- Financial Summary*					
Industry Sector: Combo					
	--Fiscal year ended Dec. 31--				
	2008	**2007**	**2006**	**2005**	**2004**
Rating history	BBB-/Negative/--	BBB-/Stable/--	BBB/Stable/--	BBB/Stable/--	BBB/Stable/--
(Mil. $)					
Revenues	8,874.2	7,939.8	7,490.0	7,899.1	6,666.2
Net income from continuing operations	369.8	312.0	313.5	283.6	430.2
Funds from operations (FFO)	1,143.4	906.7	715.4	980.4	1,106.6
Capital expenditures	1,283.6	848.1	640.2	605.0	592.0
Cash and short-term investments	20.6	36.0	33.1	69.4	30.1
Debt	8,602.9	7,281.2	7,112.4	7,381.3	7,261.5
Preferred stock	0.0	0.0	0.0	81.1	81.1
Equity	4,907.5	5,389.3	5,249.6	5,348.9	4,859.9
Debt and equity	13,510.4	12,670.5	12,361.9	12,730.2	12,121.4
Adjusted ratios					
EBIT interest coverage (x)	2.1	2.1	2.1	2.3	2.6
FFO int. cov. (x)	3.5	2.9	2.5	3.0	3.4
FFO/debt (%)	13.3	12.5	10.1	13.3	15.2
Discretionary cash flow/debt (%)	(10.5)	(3.5)	4.5	(1.1)	3.6
Net cash flow/capex (%)	69.4	77.2	72.4	120.7	145.9
Debt/debt and equity (%)	63.7	57.5	57.5	58.0	59.9
Return on common equity (%)	7.1	5.8	6.0	5.7	9.2
Common dividend payout ratio (un-adj.) (%)	68.3	80.8	80.0	88.3	56.5

*Fully adjusted (including postretirement obligations).

Ratings Detail (As Of March 13, 2009)*	
NiSource Finance Corp.	
Corporate Credit Rating	BBB-/Stable/--
Senior Unsecured (1 Issue)	BBB-
Corporate Credit Ratings History	
05-Mar-2009	BBB-/Stable/--
16-Dec-2008	BBB-/Negative/--
18-Dec-2007	BBB-/Stable/--
02-Nov-2007	BBB/Watch Neg/--
Financial Risk Profile	Aggressive
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (2 Issues)	BBB-
NiSource Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (9 Issues)	BBB-
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (1 Issue)	A/Negative
Senior Unsecured (2 Issues)	AA-/Watch Dev
Senior Unsecured (5 Issues)	BBB+/Negative
Senior Unsecured (3 Issues)	BBB-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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September 28, 2009

Summary:
NiSource Inc.

Primary Credit Analyst:
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Summary:
NiSource Inc.

Credit Rating: BBB-/Stable/NR

Rationale

The ratings on NiSource Inc. are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated gas distribution (35% of consolidated cash flow), gas transmission and storage (32%), and vertically integrated electric operations (33%).

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource curtailed its aggressive capital-spending program to $800 million from $1 billion, but nonetheless is likely to still result in negative free cash flow for 2009 and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base will improve and further stabilize cash in the longer term.

NiSource's business strategy, which centers almost exclusively on regulated businesses, as well as a diverse service area that encompasses nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts.

The resolution of the recent rate cases at Columbia Gas of Pennsylvania and Columbia Gas of Ohio depict the improvement in the regulatory environment and are supportive of credit quality. NIPSCO's pending rate case will, however, more heavily influence future performance. A final round of hearings took place in July, and the case is expected to be resolved with new electric rates likely effective during the first quarter of 2010. We do not anticipate that a result that is not markedly different than the company's expectations to dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines. Bay State Gas filed a petition seeking to increase annual revenues by about $35 million (6%) with the new rates expected to be effective by November 2009. Columbia Gas of Kentucky recently filed a rate case requesting a revenue increase of about $12 million (7%).

We characterize the company's financial risk profile as aggressive due to its high debt leverage and weak cash flow metrics. NiSource's liquidity position has improved due to NiSource Finance's $600 million note issuance, $265 million two-year bank loan, and reduction of the 2009 and 2010 debt maturities. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases. For the 12 months ended June 30, 2009, FFO to total debt and FFO interest coverage were 15% and 3.7x, respectively, while debt to total capital stood at 63%.

Liquidity

We project NiSource's liquidity position to remain adequate for the remainder of 2009 given its cash balance and credit facility availability. For 2009, in addition to capital spending of $800 million, other projected uses of cash include dividends of about $254 million, debt maturities of $429 million coming up in November 2009, and payments associated with the Tawney settlement (about ($232 million after-tax. The company's pension and postretirement plans are also significantly underfunded (about $1.2 billion as of Dec. 31, 2008) so cash contributions to the plans are expected to total about $100 million more in 2009 than in 2008. Given these uses of cash and projected cash from operations, NiSource is able to meet its upcoming November 2009 debt maturity via the $865 million of funds sourced from the NiSource Finance debt issue and bank loan. As of June 30, 2009, NiSource had about $1.225 billion of available credit facility capacity and $249 million unrestricted cash to provide liquidity support too. However, NiSource has about $933 million of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due through 2010.

Concerns regarding NiSource's liquidity position for 2010 have been reduced due to an improved liquidity position due principally to the reduction of the balance of the 2010 debt maturity to about $682 million and potential for additional sources of funds. Columbia Gas of Virginia received approval from the Virginia State Corporation Commission for the issuance of long-term debt of up to $75 million, and NIPSCO is attempting to obtain regulatory approval for issuance of $120 million of debt related to its new Sugar Creek generating facility. Apart from this, NiSource also expects to add an accounts receivable securitization facility for Columbia Gas of Pennsylvania and is in the process of establishing similar facilities at Columbia of Ohio, and NIPSCO (total facility size estimated to be $525 million). The company only has $27 million of debt maturities in 2011, although NiSource Finance has a $1.5 billion, five-year revolving credit facility that terminates in July 2011.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position throughout 2009. We also expect NiSource to continue the stable operating and financial performance of its regulated subsidiaries while executing on its capital expenditure program without material construction cost overruns or completion delays. We could revise the outlook to negative if the company's liquidity position deteriorates and a slight shortfall in the company's sources and uses of cash is expected in advance of the 2010 debt maturities (assuming they're refinanced), or an increase in borrowing costs creates further weakness in key credit metrics, which have no cushion to withstand any further degradation. If the NIPSCO rate case is concluded in a manner that leads to meaningful pressure in the company's projected cash flows we could revise the outlook to negative. We could lower the rating if the company can't get the required funds for the 2010 debt maturities well in advance of their refinancing need or if key credit metrics decline, specifically an FFO to debt ratio of about 10% to 11%. While an outlook revision to positive or higher ratings are not currently contemplated, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management is not specifically contemplating any of these strategies at this time.

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December 2, 2009

Research Update:

NiSource Finance Corp.'s $500 Million Unsecured Notes Are Rated 'BBB-'; Outlook Stable

Primary Credit Analyst:
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Research Update:

NiSource Finance Corp.'s $500 Million Unsecured Notes Are Rated 'BBB-'; Outlook Stable

Overview

- U.S. utility holding company NiSource Inc.'s financing subsidiary NiSource Finance Corp. has issued $500 million notes due 2022. NiSource will use proceeds from the issuance to refinance a portion of the Sugar Creek electricity generating facility and reduce borrowings under the company's $385 million term loan due in February 2011.
- We are assigning our 'BBB-' unsecured debt rating to the notes.
- The stable outlook on NiSource Inc. and its subsidiaries reflects our expectation for the company to maintain an adequate liquidity position, stable operating and financial performance of its regulated subsidiaries, and execution of its capital expenditure program without material cost overruns or delays.

Rating Action

On Dec. 2, 2009, Standard & Poor's Ratings Services assigned its 'BBB-' rating to NiSource Finance Corp.'s $500 million senior unsecured notes due 2022, which parent NiSource Inc. unconditionally guarantees. NiSource will use the proceeds to refinance a portion of the Sugar Creek power plant and reduce borrowings under the company's $385 million term loan due in February 2011.

As of Sept. 30, 2009, NiSource's adjusted debt, including operating leases and tax-affected pensions and postretirement obligations, totaled about $8.5 billion.

Rationale

Standard & Poor's derives NiSource Finance's corporate credit rating from parent NiSource Inc.'s consolidated credit profile. We base the ratings on NiSource on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated natural gas distribution (about 35% of consolidated cash flow), gas transmission and storage (roughly 32%), and vertically integrated electric operations (about 33%).

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource curtailed its aggressive capital-spending program to $800 million from $1 billion, but nonetheless is likely to still result in negative free cash flow for 2009 and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base will improve and further stabilize cash in the longer term.

NiSource's business strategy, which centers almost exclusively on regulated businesses, as well as a diverse service area that encompasses nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment would improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts.

The resolution of the recent rate cases at Bay State Gas, Columbia Gas of Kentucky, Columbia Gas of Ohio, and Columbia Gas of Pennsylvania reflect the improving regulatory environment and are supportive of credit quality. NIPSCO's pending rate case will, however, more heavily influence future performance. A final round of hearings took place in July 2009, and the case is expected to be resolved with new electric rates likely effective during the first quarter of 2010. NIPSCO contemplates filing another rate case in 2010 to address increased pension costs and current demand levels. We do not anticipate that a result that is not markedly different than the company's expectations to dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as aggressive due to its high debt leverage and weak cash flow metrics. NiSource's liquidity position has improved through the refinancing of near-term debt maturities. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases. For the 12 months ended Sep. 30, 2009, FFO to total debt and FFO interest coverage were 14% and 3.7x, respectively, while debt to total capital stood at 63%.

Liquidity

We project NiSource's liquidity position to be adequate. As of Sept. 30, 2009, NiSource had unrestricted cash of $84 million and about $1.15 billion available under its $1.5 billion revolving credit facility, which matures in July 2011.

For the 12 months ended Sep. 30, 2009, NiSource reported cash from operations of $1.5 billion. For 2009, projected uses of cash include capital spending of $800 million, dividends of about $254 million, debt maturities of $429 million due in November 2009, and payments associated with the Tawney settlement (about $232 million after-tax). The company's pension and postretirement plans are also significantly underfunded (about $1.2 billion as of Dec. 31, 2008), so cash contributions to the plans should total about $100 million more in 2009 than in 2008.

Our concerns regarding NiSource's liquidity position through 2010 have diminished as the company has refinanced a significant portion of its maturities due next year. NiSource has about $680 million of debt maturities remaining in 2010, which will likely be funded with cash on hand and borrowings under the revolving credit facility. In addition to its current sources of liquidity, Columbia Gas of Virginia received regulatory approval to issue long-term debt of up to $75 million. Furthermore, NiSource plans to add an accounts receivable securitization facility for Columbia Gas of Pennsylvania to supplement its existing securitization facilities in place at NIPSCO and Columbia of Ohio. The company estimates its peak borrowing capacity under the securitization facilities to be $550 million. Beyond 2010, the company's debt maturities should be manageable with about $30 million and $300 million due in 2011 and 2012, respectively, although NiSource Finance's $1.5 billion revolving credit facility matures in July 2011.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position. We also expect NiSource to continue the stable operating and financial performance of its regulated subsidiaries while executing on its capital expenditure program without material construction cost overruns or completion delays. We could lower the rating if key credit metrics, which have no cushion to withstand any further degradation, deteriorate or the company's liquidity position becomes constrained. A downgrade is also possible if regulators conclude the NIPSCO rate case in a manner that leads to meaningful pressure on the company's projected cash flows. We could lower the rating if the company can't get the required funds for the 2010 debt maturities well in advance of their refinancing need or if key credit metrics decline, specifically an FFO to debt ratio of about 10% to 11%. While we do not currently contemplate an upgrade, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management is not specifically contemplating any of these strategies at this time.

Related Research

- "Industry Report Card: The U.S. Natural Gas Distribution Sector Continues To Burn Brightly During The Market Downturn," published July 13, 2009.
- "Criteria: Key Credit Factors: Business And Financial Risks In the Investor-Owned Utilities Industry", published Nov. 26, 2008.

Ratings List

NiSource Finance Corp.
Corporate credit rating BBB-/Stable/--

New Rating
NiSource Finance Corp.
$500 mil sr unsecd notes due 2022 BBB-

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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March 30, 2010

NiSource Inc.

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NiSource Inc.

Major Rating Factors

Corporate Credit Rating
BBB-/Stable/NR

Strengths:

- Conservative business strategy that focuses almost exclusively on regulated businesses;
- Low operating risks at the monopoly gas and electric utility and pipeline segments;
- A relatively supportive regulatory environment;
- A sizeable, stable residential and commercial customer base;
- Geographic and regulatory diversity provided by regulated operations in seven states; and
- Strong internal cash generation and adequate liquidity position supported by borrowing capacity under its credit facility and access to the capital markets.

Weaknesses:

- An aggressive financial profile characterized by high debt leverage for the rating and weak cash flow measures;
- Declining customer usage and increased attrition in the gas distribution segment;
- Subsidiary Northern Indiana Public Service Co.'s high cost structure and heavy dependence on the industrial sector;
- Pending 2010 and 2011 debt maturities could constrain liquidity; and
- Increased tolerance for a more aggressive financial position.

Rationale

The rating on Merrillville, Ind.-based NiSource reflects an 'excellent' business risk profile and an 'aggressive' financial risk profile. The rating is based on the consolidated business and financial risk profiles of its various subsidiaries--Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). NiSource is involved in regulated natural gas distribution (37% of consolidated operating income for the past three years), gas transmission and storage (41%), and vertically integrated electric operations (22%).

Key credit factors that include relatively supportive regulatory oversight, a business strategy centered almost exclusively on regulated businesses, a diverse service area that encompasses seven states, and the low operating risks of its regulated utilities support the company's excellent business position. A strong residential customer base, lack of competition in the company's regulated service territories, and high barriers to entry provided by the capital-intensive nature of the distribution network also support the business risk profile. The company's financial risk profile, which is characterized by high leverage and weak cash flow metrics, NIPSCO's high electric rates, a higher-than-average dependence on industrial customers, and a more aggressive financial policy somewhat temper NiSource's strengths.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash from flowing to the holding company. NiSource curtailed its aggressive capital-spending program to $800 million in 2009 from $1 billion. Nonetheless, it is likely to generate negative free cash flow for 2010 given the company's forecast of $900 million in capital expenditures and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base should improve and further stabilize cash in the longer term.

Standard & Poor's business risk profile on NiSource is 'excellent,' based on our expectations that the regulatory environment would improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts.

The resolution of the recent rate cases at Bay State Gas, Columbia Gas of Kentucky, Columbia Gas of Ohio, and Columbia Gas of Pennsylvania reflect the improving regulatory environment. A final round of hearings in NIPSCO's pending rate case took place in July 2009, and the case is expected to be resolved with new electric rates that are likely to become effective during the first half of 2010. NIPSCO contemplates filing another rate case in 2010 to address increased pension costs and current demand levels. We do not expect a result that is markedly different from the company's filings will dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as 'aggressive' due to its high debt leverage and weak cash flow metrics. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. For 2009, FFO to total debt and FFO interest coverage were 16% and 3.5x, respectively, while debt to total capital stood at 61.5%. FFO in 2009 benefitted from a change in tax method of capitalizing certain costs. As a result, NiSource received a refund of $263.5 million in 2009 with additional refunds of $25.3 million expected in 2010.

For the next several years, we expect FFO to total debt to remain weak, at about 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We view NiSource's liquidity position as adequate but could become constrained if the company does not refinance its revolving credit facility well in advance of its July 2011 maturity. As of Dec. 31, 2009, NiSource had unrestricted cash of $16 million, restricted cash of $175 million, and about $1.3 billion available under its $1.5 billion revolving credit facility, which matures in July 2011. Liquidity is also supported by accounts receivable securitization facilities at NIPSCO, Columbia of Ohio, and Columbia Gas of Pennsylvania. The peak borrowing capacity under the securitization facilities is $550 million.

We expect NiSource to fund its various near-term cash needs through internal cash flow generation, borrowings under the company's revolving credit facilities, and periodic capital markets transactions. The company's primary uses of cash include capital spending ($799 million in 2009 and $900 million projected for 2010), dividends ($254 million), and debt maturities ($713 million due in 2010 and $34 million in 2011). The company's 2010 debt maturities are expected to be redeemed with cash on hand and borrowings under the revolving credit facility.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position and for stable operating and financial performance while executing its capital expenditure program without material construction cost overruns or completion delays. We could lower the rating if key credit metrics, which have no cushion to withstand any further degradation, deteriorate or liquidity becomes constrained. A downgrade is also possible if regulators conclude the NIPSCO rate case in a manner that leads to meaningful pressure on the company's projected cash flows. While we do not currently contemplate an upgrade, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management has not disclosed plans to do so.

Business Description

NiSource is an energy holding company whose subsidiaries provide natural gas transmission, storage and distribution, electric generation, and transmission and distribution to about 3.8 million customers in a corridor that runs from the Gulf Coast through the Midwest and to New England.

NiSource is one of the largest natural gas distribution companies in the U.S., operating about 58,000 miles of pipelines. Through its nine gas distribution subsidiaries, the company engages in purchasing, transporting, and distributing natural gas to more than 3.3 million customers in seven states. NiSource owns and operates 15,000 miles of interstate pipelines and its natural gas storage operations can hold up to 639 billion cubic feet (bcf) of natural gas. Through NIPSCO, NiSource provides electricity to 457,000 customers in northern Indiana.

Rating Methodology

The ratings on NiSource and its subsidiaries are based on Standard & Poor's consolidated rating methodology and reflect the significant financial and operational interrelationships among the entities. As part of our assessment, Standard & Poor's considers the consolidated and stand-alone financial profiles of the subsidiaries. However, Standard & Poor's views the default risk as the same throughout the organization because there are no regulatory mechanisms or other structural barriers that sufficiently restrict access by the holding company to the cash sources of the utility subsidiaries.

We rate the unsecured debt at NiSource's funding vehicle, NiSource Finance, the same as the corporate credit rating, reflecting declining debt at the operating subsidiaries coupled with the expectation that all future long-term securities will be issued at or guaranteed by NiSource.

Business Risk Profile

Standard & Poor's characterizes NiSource's business risk profile as 'excellent' like most natural gas distribution companies. The company's primary business segments are natural gas local distribution companies (LDCs; 39% of operating income), electric operations (14%), and gas transmission and storage (47%). Given the company's lack of nonregulated activities, NiSource's operations have somewhat lower business risks than many other rated utilities.

Regulation

NiSource operates regulated utilities in seven different jurisdictions, which gives the company significant regulatory diversity. This dispersion of regulatory risk can be supportive of credit quality as an adverse rate outcome or a delayed recovery in a particular jurisdiction is moderated. All of NiSource's gas distribution companies have state-approved recovery mechanisms that provide for full recovery of prudently incurred gas costs. Gas distribution customers in all seven jurisdictions are eligible to purchase gas from alternate suppliers.

In August 2008, NIPSCO filed a rate case requesting a two-step rate increase totaling $105 million and an allowed ROE of 12% (13.5% allowed in the Indiana Utility Regulatory Commission's 2001 decision). The request was reduced to $85.7 million (10% increase in revenues) in December 2008. The state's Consumer Counselor has recommended a rate reduction of $135 million and an allowed ROE of 10%. The company expects the case to be decided during the first half of 2010.

In 2010, NIPSCO is expected to file a gas rate case and a new electric rate case. The gas rate case will be NIPSCO's first gas filing since 1987, and management expects new rates to be effective in early 2011. NIPSCO's electric rate case is expected to include the effect of increased pension expense, as well as demand levels based on more recent operating experience.

During the past two years, the various regulatory jurisdictions have granted rate increases of about $125 million for NiSource's LDCs. Columbia Gas of Pennsylvania received a rate increase of $41.5 million, Columbia Gas of Ohio was granted $47 million, Bay State Gas's rates increased by $26 million, Columbia Gas of Kentucky received an additional $6.1 million, and Columbia Gas of Maryland rates increased by $1.2 million.

In addition to rate relief, decoupling was approved for Bay State Gas, Columbia Gas of Virginia, and Columbia Gas of Ohio; several utilities--Bay State Gas, Columbia Gas of Kentucky, and Columbia Gas of Ohio--were granted accelerated infrastructure investment trackers; and the fixed charge associated with residential customer accounts continues to increase.

A summary of NiSource's regulatory data and key cost-recovery mechanisms is depicted in table 1.

Table 1

NiSource Inc. -- Regulation

Subsidiary	Jurisdiction	Customers (thousands)	Last rate case	Rate base (Mil. $)	Authorized ROE (%)	Decoupled or straight fixed-variable rates	Accelerated infrastructure tracker	Bad debt tracker	Pension tracker/deferral
Gas operations									
Columbia Energy Group									
	Ohio	1,408.4	Dec. 3, 2008	NA*	NA*	Yes	Yes	Yes	Yes
	Pennsylvania	415.2	Oct. 28, 2008	NA*	NA*	No	No	Yes	Yes
	Virginia	241.0	Dec. 26, 2006	NA*	NA*	Yes	No	No	No
	Kentucky	136.4	Oct. 29, 2009	NA*	10.50	No	Yes	Yes	No
	Maryland	32.7				No	No	Yes	No
NIPSCO, Kokomo Gas, and Northern Indiana Fuel and Light									
	Indiana	793.1	NA	NA	NA	No	Yes	Yes	Yes
Bay State Gas									
	Massachusetts	293.4	Oct. 30, 2009	467.082	9.95	Yes	Yes	Yes	Yes
Total		3,320							
Electric operations									
NIPSCO									
	Indiana¶	456.8	Sept. 23, 2002			No	No	No	No

*Rate case pending and a new case expected to be filed in 2010. ¶Data not available in the rate decision.

Markets

With regulated operations in seven states, NiSource benefits from some geographic diversity, which mitigates economic downturns or natural disasters in any particular region.

Indiana depends less on manufacturing than it has in the past, but this sector remains an important component in the state's economy and factors into the state's increased current unemployment levels. At 17% of the state's employment base, Indiana has the highest level of industrial employment of any state. In addition to vehicle manufacturing, northern Indiana has a high concentration of pharmaceuticals and durable household goods companies in addition to education and health care providers.

NiSource delivers about 40% of its natural gas throughput and 50% of electric sales to industrial customers. NiSource runs the risk of permanent industrial "demand destruction" as industrial customers may seek to source natural gas directly or develop alternative sources of electricity.

Table 2

NiSource Inc. -- Markets							
Subsidiary	Jurisdiction	2009 customers (thousands)	Percent (%)	2008 customers (thousands)	2007 customers (thousands)	2006 customers (thousands)	2005 customers (thousands)
Gas operations							
Columbia Energy Group							
	Ohio	1,408.4	42.4	1,417.0	1,421.2	1,423.2	1,421.7
	Pennsylvania	415.2	12.5	415.0	414.1	411.9	408.7
	Virginia	241.0	7.3	239.3	238.0	234.6	229.1
	Kentucky	136.4	4.1	138.3	139.6	140.2	141.4
	Maryland	32.7	1.0	32.7	33.0	32.9	32.7
NIPSCO, Kokomo Gas, and Northern Indiana Fuel and Light							
	Indiana	793.1	23.9	794.2	795.3	792.3	789.1
Bay State Gas							
	Massachusetts	293.4	8.8	290.4	288.2	286.8	285.0
Total		3,320	100.0	3,327	3,329	3,322	3,308
Electric operations							
NIPSCO							
	Indiana	456.8	100.0	457.3	457.1	453.7	450.4

Note: These figures reflect divestiture of Northern Utilities

Operations

Gas distribution The below-average business risk of NiSource's gas and electric operations supports current ratings. In general, the gas utilities have above-average access to interstate pipelines and significant gas storage capacity to support peak seasonal requirements. The distribution companies are directly connected to 16 interstate pipeline companies, and obtain gas supply from a diversified group of basins, including the Gulf of Mexico, Appalachia, and the Chicago Hub. About 40% of the NiSource LDC purchases are transported through affiliated pipelines. The NiSource gas distribution companies make the vast majority of their annual purchases under short-term and spot contracts with limited contracts extending beyond one year. NiSource can use its excellent storage capabilities to supply nearly two-thirds of its winter season demand with storage gas, which results in additional pipeline capacity for external purposes.

Table 3

NiSource Inc. -- Gas Operations						
Natural gas volumes (MMDth)	2009	Percent (%)	2008	2007	2006	2005
Residential	265.2	31.9	278.0	272.0	241.8	289.1
Commercial	169.4	20.4	174.2	169.4	163.9	176.0
Industrial	335.9	40.4	373.2	376.4	365.4	375.8
Off-system	59.7	7.2	96.8	88.1	54.9	22.6
Other	0.8	0.1	1.0	1.4	0.9	0.9
Total	831.0	100.0	923.2	907.3	826.9	864.4
Customers						
Residential	3,032,597	91.4	3,037,504	3,041,634	3,074,115	3,059,783
Commercial	279,144	8.4	280,195	279,468	292,566	292,232
Industrial	7,895	0.2	8,003	8,061	8,268	8,445

Table 3

NiSource Inc. -- Gas Operations (cont.)

Other	79	0	76	71	73	59
Total	3,319,715	100.0	3,325,778	3,329,234	3,375,022	3,360,519

Note: These figures include Northern Utilities customer data

Electric operations As of Dec. 31, 2009, NIPSCO's total installed generation capacity was 3,322 MW. NIPSCO operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,574 MW. NIPSCO also owns and operates Sugar Creek, a 535 MW combined cycle gas turbine plant, four gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a net capability of 203 MW and two hydroelectric generating plants with a net capability of 10 MW.

NIPSCO's owned generating capability is not sufficient to meet its peak needs. To supplement its generation capabilities, the company has also entered into contracts to purchase up to 100 MW from a wind farms in Iowa and South Dakota. Supplemental power needs are purchased from the MISO.

Because two-thirds of its generation portfolio is coal fired, NIPSCO lacks significant fuel diversity. However, NIPSCO has contracts with four railroads for coal transportation, and Indiana has substantial coal reserves.

Table 4

NiSource Inc. -- Electric Operations

Sales (Gigawatt hours)	2009	Percent (%)	2008	2007	2006	2005
Residential	3,241.4	20.9	3,345.9	3,543.6	3,293.9	3,516.1
Commercial	3,833.9	24.7	3,915.8	3,775.0	3,855.7	3,893.0
Industrial	7,690.9	49.5	9,305.4	9,443.7	9,503.2	9,131.6
Wholesale	600.6	3.9	737.2	909.1	661.4	831.3
Other	158.9	1.0	138.2	141.7	114.1	115.0
Total	15,525.7	100.0	17,442.5	17,813.1	17,428.3	17,487.0
Customers						
Residential	400,016	87.6	400,640	400,991	398,349	395,849
Commercial	53,617	11.7	53,438	52,815	52,106	51,261
Industrial	2,441	0.5	2,484	2,509	2,509	2,515
Wholesale	15	0	9	6	5	7
Other	746	0.2	754	755	759	765
Total	456,835	100.0	457,325	457,076	453,728	450,397

Gas transmission and storage operations The below-average business risk of NiSource's LDCs supports current ratings. In general, NiSource's regulated utilities have above-average access to interstate pipelines and significant gas storage capacity to support peak seasonal requirements.

NiSource's gas subsidiaries own and operate nearly 15,000 miles of interstate pipelines and storage fields capable of holding about 640 bcf of natural gas. NiSource also owns an interstate pipeline network extending from the Gulf of Mexico to Lake Erie, N.Y. and the Atlantic coast. The pipelines serve customers in 16 states and the District of Columbia.

Competition

Like all U.S. utilities, NiSource does not face any competition for the delivery of natural gas and electricity in its various service territories. However, the utilities do compete with other natural gas suppliers and suppliers of alternative fuels for sale to industrial and agricultural customers. NiSource also competes with alternative energy sources, including electricity, for space heating load, water heating, and cooking markets. While natural gas historically has maintained a price advantage in the residential, commercial, and industrial markets, higher gas prices, coupled with electric utilities' marketing efforts, can result in increased competition for residential and commercial customers. In addition, NiSource's natural gas marketing segment competes with other natural gas brokers in obtaining natural gas supplies for its customers.

Table 5

NiSource Inc. -- Segments

	Operating revenues (Mil. $)	Percent (%)	Operating income/(loss) (Mil. $)	Percent (%)	Total assets (Mil. $)	Percent (%)	Capital expenditures (Mil. $)	Percent (%)
Gas distribution operations	3,902.4	58.7	327.8	40.9	7,000.5	36.3	349.2	44.9
Gas transmission and storage	930.7	14.0	388.5	48.4	3,834.5	19.9	256.1	33.0
Electric operations	1,221.4	18.4	116.7	14.6	4,183.7	21.7	165.2	21.3
Other operations	855.9	12.9	(14.5)	(1.8)	1,383.9	7.2	3.1	0.4
Corporate and eliminations	(261.0)	(3.9)	(16.6)	(2.1)	2,869.1	14.9	3.6	0.5
Consolidated NiSource Inc.	6,649.4	100.0	801.9	100.0	19,271.7	100.0	777.2	100.0

Financial Risk Profile

NiSource's financial risk profile is considered 'aggressive.' After several years of paying down acquisition-related debt and improving its capital structure, NiSource is now embarking on an aggressive capital-spending program that will eventually increase profits over the long term. However, in the intermediate term, it will cause debt levels to start rising again after their recent decline.

Accounting

Standard & Poor's adjusts NiSource's financial statements for operating leases, pension and postretirement obligations, asset retirement obligations, and accrued interest. The adjustments include adding a debt equivalent, interest expense, and depreciation to the company's reported financial statements. At Dec. 31, 2009, we added debt to the balance sheet for pension and postretirement obligations ($728 million), operating leases ($258 million), trade receivables sold ($188 million), accrued interest ($125 million), and asset retirement obligations ($90 million).

Due to distortions in leverage and cash flow metrics caused by the substantial seasonal working-capital requirements of gas utilities, Standard & Poor's adjusts inventory and debt balances by netting the value of inventory against the outstanding commercial paper borrowings. This adjustment provides a more accurate view of the company's financial performance by reducing seasonality, where there is a very high likelihood of recovery. The utility's short-term borrowings will decline as inventories shrink and accounts receivable are monetized, with support from commodity pass-through mechanisms.

NiSource follows LIFO method to value natural gas in storage. Accordingly, we add back the last-one, first-out (LIFO) reserve to inventory, and to equity (on a post-tax basis) in order to reflect inventory balances at approximate current market value.

NiSource follows SFAS 71, "Accounting for Effects of Certain Types of Regulation" for its regulated operations. As of Dec. 31, 2009, NiSource had $1.9 billion in regulatory assets and $1.6 billion in regulatory liabilities. Net regulatory assets were less than 5% of total capitalization.

Under SFAS No. 142, "Goodwill and Other Intangible Assets," NiSource has recorded $4.1 billion of goodwill and intangibles on its balance sheet, which represents about 20% of total assets. The majority of goodwill is attributed to acquisition premiums related to the Columbia acquisition. The majority of the intangible assets represent franchise rights associated with the acquisition of Bay State, which is being amortized over 40 years. There have been no asset impairments over the past three years.

Table 6.

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)*

	--Fiscal year ended Dec. 31, 2009--								
NiSource Inc. reported amounts									
	Debt	**Shareholders' equity**	**Operating income (before D&A)**	**Operating income (before D&A)**	**Operating income (after D&A)**	**Interest expense**	**Cash flow from operations**	**Cash flow from operations**	**Capital expenditures**
Reported	6,787.4	4,854.1	1,394.1	1,394.1	805.1	399.0	1,920.7	1,920.7	777.2
Standard & Poor's adjustments									
Trade receivables sold or securitized	188.4	--	--	--	--	9.4	--	--	--
Operating leases	258.4	--	45.2	12.5	12.5	12.5	32.7	32.7	100.4
Postretirement benefit obligations	727.5	--	138.6	138.6	138.6	52.1	43.4	43.4	--
Accrued interest not included in reported debt	125.4	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	1.9	(1.9)	(1.9)	(1.9)
Share-based compensation expense	--	--	--	9.6	--	--	--	--	--
Asset retirement obligations	89.8	--	7.8	7.8	7.8	7.8	(7.9)	(7.9)	--
Exploration costs	--	--	--	16.0	--	--	--	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	14.6	--	--	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	(653.0)	--

Table 6.

Reconciliation Of NiSource Inc. Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. $)* (cont.)									
Short-term debt reduction related to regulated natural gas inventory	(103.0)	--	--	--	--	--	--	--	--
After-tax addition of the LIFO reserve	--	192.0	--	--	--	--	--	--	--
Total adjustments	1,286.5	192.0	191.6	184.5	173.5	83.8	66.3	(586.7)	98.5

Standard & Poor's adjusted amounts

	Debt	Equity	Operating income (before D&A)	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Capital expenditures
Adjusted	8,073.9	5,046.1	1,585.7	1,578.6	978.6	482.8	1,987.0	1,334.0	875.7

*NiSource Inc. reported amounts shown are taken from the company's financial statements but might include adjustments made by data providers or reclassifications made by Standard & Poor's analysts. Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts.

Corporate governance/Risk tolerance/Financial policies

We characterize the company's financial risk profile as 'aggressive' due to its high debt leverage and weak cash flow metrics. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement.

Cash flow adequacy

For 2009, FFO to total debt and FFO interest coverage were 16% and 3.5x, respectively. FFO in 2009 benefitted from a change in tax method of capitalizing certain costs. As a result, NiSource received a refund of $263.5 million in 2009 with additional refunds of $25.3 million expected in 2010.

For the next several years, we expect FFO to total debt to remain weak, at about 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

We expect NiSource to fund its various near-term cash needs through internal cash flow generation, borrowings under the company's revolving credit facilities, and periodic capital markets transactions. The company's primary uses of cash include capital spending ($799 million in 2009 and $900 million projected for 2010), dividends ($254 million), and debt maturities ($713 million due in 2010 and $34 million in 2011).

Capital structure/Asset protection

At Dec. 31, 2009, total debt, including capitalized operating leases and tax-effected pension and postretirement obligations, was about $8.1 billion, with adjusted debt to capital of 61.5%.

Leverage is not expected to improve materially in 2010 as near-term debt maturities are expected to be redeemed with cash on hand and borrowings under the revolving credit facility.

Related Research

- "Criteria: Key Credit Factors: Business And Financial Risks In the Investor-Owned Utilities Industry," published Nov. 26, 2008.
- "Key Credit Factors For U.S. Natural Gas Distributors," published Feb. 28, 2006.

Table 1.

NiSource Inc. -- Peer Comparison*

Industry Sector: Combo

	--Average of past three fiscal years--			
	NiSource Inc.	**Atmos Energy Corp.**	**CenterPoint Energy Inc.**	**Vectren Corp.**
Rating as of March 29, 2010	BBB-/Stable/--	BBB+/Stable/A-2	BBB/Negative/A-3	A-/Stable/--
(Mil. $)				
Revenues	7,821.1	6,029.6	9,440.6	2,285.2
Net income from continuing operations	304.3	179.9	406.0	135.1
Funds from operations (FFO)	1,097.4	521.2	1,125.3	390.9
Capital expenditures	1,002.5	470.0	1,092.3	382.8
Cash and short-term investments	24.3	72.9	637.0	41.9
Debt	7,989.5	2,470.1	8,192.1	1,933.8
Preferred stock	0	0	0	0
Equity	5,114.3	2,065.0	2,162.0	1,355.9
Debt and equity	13,103.8	4,535.1	10,354.1	3,289.8
Adjusted ratios				
EBIT interest coverage (x)	2.1	2.7	2.2	3.0
FFO int. cov. (x)	3.3	4.0	3.1	4.7
FFO/debt (%)	13.7	21.1	13.7	20.2
Discretionary cash flow/debt (%)	(1.3)	0.8	(3.7)	(4.4)
Net Cash Flow / Capex (%)	84.3	86.0	80.4	75.3
Debt/debt and equity (%)	61.0	54.5	79.1	58.8
Return on common equity (%)	5.8	8.9	19.9	10.0
Common dividend payout ratio (un-adj.) (%)	83.0	64.9	60.7	75.9

*Fully adjusted (including postretirement obligations).

Table 2.

NiSource Inc. -- Financial Summary*

Industry Sector: Combo

	--Average of past three fiscal years--	--Fiscal year ended Dec. 31--				
		2009	**2008**	**2007**	**2006**	**2005**
Rating history	**Issuer**	BBB-/Stable/--	BBB-/Negative/--	BBB-/Stable/--	BBB/Stable/--	BBB/Stable/--
(Mil. $)						
Revenues	7,821.1	6,649.4	8,874.2	7,939.8	7,490.0	7,899.1
Net income from continuing operations	304.3	231.2	369.8	312.0	313.5	283.6

Table 2.

NiSource Inc. -- Financial Summary* (cont.)						
Funds from operations (FFO)	1,097.4	1,334.0	1,051.6	906.7	715.4	980.4
Capital expenditures	1,002.5	875.7	1,283.6	848.1	640.2	605.0
Cash and short-term investments	24.3	16.4	20.6	36.0	33.1	69.4
Debt	7,989.5	8,073.9	8,613.3	7,281.2	7,112.4	7,381.3
Preferred stock	0	0	0	0	0	81.1
Equity	5,114.3	5,046.1	4,907.5	5,389.3	5,249.6	5,348.9
Debt and equity	13,103.8	13,120.0	13,520.8	12,670.5	12,361.9	12,730.2
Adjusted ratios						
EBIT interest coverage (x)	2.1	2.0	2.1	2.1	2.1	2.3
FFO int. cov. (x)	3.3	3.5	3.3	2.9	2.5	3.0
FFO/debt (%)	13.7	16.5	12.2	12.5	10.1	13.3
Discretionary cash flow/debt (%)	(1.3)	10.6	(10.5)	(3.5)	4.5	(1.1)
Net Cash Flow / Capex (%)	84.3	123.4	62.3	77.2	72.4	120.7
Debt/debt and equity (%)	61.0	61.5	63.7	57.5	57.5	58.0
Return on common equity (%)	5.8	4.7	7.1	5.8	6.0	5.7
Common dividend payout ratio (un-adj.) (%)	83.0	109.6	68.3	80.8	80.0	88.3

*Fully adjusted (including postretirement obligations).

Ratings Detail (As Of March 30, 2010)*	
NiSource Inc.	
Corporate Credit Rating	BBB-/Stable/NR
Senior Unsecured (9 Issues)	BBB-
Corporate Credit Ratings History	
05-Mar-2009	BBB-/Stable/NR
16-Dec-2008	BBB-/Negative/NR
18-Dec-2007	BBB-/Stable/NR
02-Nov-2007	BBB/Watch Neg/NR
Business Risk Profile	Excellent
Financial Risk Profile	Aggressive
Debt Maturities	
As of Dec. 31, 2009: 2010: $719.3 mil. 2011: $33.9 mil. 2012: $320.2 mil. 2013: $618.5 mil. 2014: $551.6 mil. Thereafter: $4.5 bil.	
Related Entities	
Bay State Gas Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (3 Issues)	BBB-

Ratings Detail (As Of March 30, 2010)* (cont.)	
NiSource Capital Markets Inc.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (7 Issues)	BBB-
NiSource Finance Corp.	
Issuer Credit Rating	BBB-/Stable/--
Senior Unsecured (1 Issue)	BBB-
Northern Indiana Public Service Co.	
Issuer Credit Rating	BBB-/Stable/NR
Senior Unsecured (5 Issues)	A/Developing
Senior Unsecured (2 Issues)	BB+/Negative
Senior Unsecured (11 Issues)	BBB-
Senior Unsecured (2 Issues)	BBB-/Negative

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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March 30, 2010

Summary:
NiSource Inc.

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Summary:
NiSource Inc.

Credit Rating: BBB-/Stable/NR

Rationale

The rating on Merrillville, Ind.-based NiSource reflects an 'excellent' business risk profile and an 'aggressive' financial risk profile. The rating is based on the consolidated business and financial risk profiles of its various subsidiaries--Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). NiSource is involved in regulated natural gas distribution (37% of consolidated operating income for the past three years), gas transmission and storage (41%), and vertically integrated electric operations (22%).

Key credit factors that include relatively supportive regulatory oversight, a business strategy centered almost exclusively on regulated businesses, a diverse service area that encompasses seven states, and the low operating risks of its regulated utilities support the company's excellent business position. A strong residential customer base, lack of competition in the company's regulated service territories, and high barriers to entry provided by the capital-intensive nature of the distribution network also support the business risk profile. The company's financial risk profile, which is characterized by high leverage and weak cash flow metrics, NIPSCO's high electric rates, a higher-than-average dependence on industrial customers, and a more aggressive financial policy somewhat temper NiSource's strengths.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash from flowing to the holding company. NiSource curtailed its aggressive capital-spending program to $800 million in 2009 from $1 billion. Nonetheless, it is likely to generate negative free cash flow for 2010 given the company's forecast of $900 million in capital expenditures and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base should improve and further stabilize cash in the longer term.

Standard & Poor's business risk profile on NiSource is 'excellent,' based on our expectations that the regulatory environment would improve in the near term as regulators contemplate more supportive rate-design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts.

The resolution of the recent rate cases at Bay State Gas, Columbia Gas of Kentucky, Columbia Gas of Ohio, and Columbia Gas of Pennsylvania reflect the improving regulatory environment. A final round of hearings in NIPSCO's pending rate case took place in July 2009, and the case is expected to be resolved with new electric rates that are likely to become effective during the first half of 2010. NIPSCO contemplates filing another rate case in 2010 to address increased pension costs and current demand levels. We do not expect a result that is markedly different from the company's filings will dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as 'aggressive' due to its high debt leverage and weak cash flow metrics. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $800 million in 2009 after $1.3 billion in 2008, reversed some of this improvement. For 2009, FFO to total debt and FFO interest coverage were 16% and 3.5x, respectively, while debt to total capital stood at 61.5%. FFO in 2009 benefitted from a change in tax method of capitalizing certain costs. As a result, NiSource received a refund of $263.5 million in 2009 with additional refunds of $25.3 million expected in 2010.

For the next several years, we expect FFO to total debt to remain weak, at about 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We view NiSource's liquidity position as adequate but could become constrained if the company does not refinance its revolving credit facility well in advance of its July 2011 maturity. As of Dec. 31, 2009, NiSource had unrestricted cash of $16 million, restricted cash of $175 million, and about $1.3 billion available under its $1.5 billion revolving credit facility, which matures in July 2011. Liquidity is also supported by accounts receivable securitization facilities at NIPSCO, Columbia of Ohio, and Columbia Gas of Pennsylvania. The peak borrowing capacity under the securitization facilities is $550 million.

We expect NiSource to fund its various near-term cash needs through internal cash flow generation, borrowings under the company's revolving credit facilities, and periodic capital markets transactions. The company's primary uses of cash include capital spending ($799 million in 2009 and $900 million projected for 2010), dividends ($254 million), and debt maturities ($713 million due in 2010 and $34 million in 2011). The company's 2010 debt maturities are expected to be redeemed with cash on hand and borrowings under the revolving credit facility.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position and for stable operating and financial performance while executing its capital expenditure program without material construction cost overruns or completion delays. We could lower the rating if key credit metrics, which have no cushion to withstand any further degradation, deteriorate or liquidity becomes constrained. A downgrade is also possible if regulators conclude the NIPSCO rate case in a manner that leads to meaningful pressure on the company's projected cash flows. While we do not currently contemplate an upgrade, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management has not disclosed plans to do so.

Related Research

- "Criteria: Key Credit Factors: Business And Financial Risks In the Investor-Owned Utilities Industry," published Nov. 26, 2008.

- "Key Credit Factors For U.S. Natural Gas Distributors," published Feb. 28, 2006.

STANDARD &POOR'S

Global Credit Portal
RatingsDirect®

September 8, 2010

Bulletin:

NiSource Inc. Announces $400 Million Forward Sale Agreement; Ratings And Outlook Unaffected

Primary Credit Analyst:
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NEW YORK (Standard & Poor's) Sept. 8, 2010--Standard & Poor's Ratings Services said today that the announcement by NiSource Inc. (BBB-/Stable/--) to issue $400 million of common stock under a forward sale agreement does not affect its current rating or outlook. At closing, the company will not receive any proceeds. Over the next two years, the company expects to settle the forward sale agreement by issuing new common shares for which it will receive cash proceeds. The company plans to use the proceeds for general corporate purposes, including capital expenditures. If settled by issuing new common shares, the forward sale agreement will modestly improve total debt to capital, but will not affect the funds from operations to debt ratio.

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Global Credit Portal
RatingsDirect®

September 30, 2010

Summary:
NiSource Inc.

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Summary:

NiSource Inc.

Credit Rating: BBB-/Stable/NR

Rationale

The rating on Merrillville, Ind.-based NiSource Inc. reflects an excellent business risk profile and an aggressive financial risk profile. Standard & Poor's bases the rating on the consolidated business and financial risk profiles of its various subsidiaries--Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). NiSource is involved in regulated natural gas distribution (about 40% of consolidated operating income), gas transmission and storage (about 40%), and vertically integrated electric operations (about 20%).

Relatively supportive regulatory oversight, a business strategy centered almost exclusively on regulated businesses, a diverse service area that encompasses seven states, and the low operating risks of its regulated utilities support the company's excellent business position. A strong residential customer base, lack of competition in the company's regulated service territories, and high barriers to entry provided by the capital-intensive nature of the distribution network also support the business risk profile. The company's financial risk profile, which is characterized by high leverage and weak cash flow metrics, NIPSCO's high electric rates, a higher-than-average dependence on industrial customers, and a more aggressive financial policy somewhat temper NiSource's strengths.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash from flowing to the holding company. Given the company's forecast of $900 million in capital expenditures and increased debt levels, reversing years of deleveraging, NiSource is likely to generate negative free cash flow for 2010. Initiatives to improve regulatory design and increase rates at the gas distribution companies, several pipeline expansions, and the inclusion of the Sugar Creek power plant into rate base should improve and further stabilize cash in the longer term.

Over the past few years, rate increases implemented for Columbia Gas of Kentucky, Columbia Gas of Massachusetts, Columbia Gas of Ohio, and Columbia Gas of Pennsylvania totaled about $125 million (almost 60% of the rate increases requested) and reflect an improving regulatory environment. The August 2010 decision in NIPSCO's electric case was relatively revenue neutral, including a number of adjustments related to the elimination of an annual residential ratepayer credit, reduced benefits from off-system sales, and modification of special contract discounts. However, NIPSCO contemplates filing another rate case in 2010 to address increased pension costs and current demand levels. We do not expect a result that is markedly different from the company's filings will dramatically influence consolidated cash flow metrics given the cash flow diversity from other business lines.

We characterize the company's financial risk profile as aggressive due to its high debt leverage and weak cash flow metrics. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, increased capital spending over the past few years reversed some of this improvement. At June 30, 2010, funds from operations (FFO) to total debt and FFO interest coverage were 16% and 3.5x, respectively, while debt to total capital stood at 62%. Although FFO has benefitted from a change in tax method of capitalizing certain costs, we expect run-rate FFO to total debt to remain weak, at about 12%, despite adequate FFO interest coverage of about 3x. Despite the many growth initiatives in the company's strategic plan, we don't expect cash flow to improve from current levels for several years due to the financing and operating costs of buying the Sugar Creek power plant, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We view NiSource's liquidity as less than adequate under Standard & Poor's corporate liquidity methodology (see "Methodology and Assumptions: Standard & Poor's Standardizes Liquidity Descriptors for Global Corporate Issuers," published on RatingsDirect on July 2, 2010), which categorizes liquidity in five standard descriptors (exceptional, strong, adequate, less than adequate, and weak). Our conclusion primarily reflects the July 7, 2011 maturity of the company's $1.5 billion revolving credit facility. During its July 2010 analyst meeting, management stated that they plan to replace the facility in the first quarter of 2011, essentially at the end of the winter heating season. Upon renewal of the facility, we expect to revise the company's liquidity descriptor to at least adequate.

The company's projected sources of liquidity consist of modest cash balances and its operating cash flow, which totaled $829 million over the past 12 months. Under Standard & Poor's Liquidity Descriptor criteria, we do not consider availability under the revolving credit facility to be a source of liquidity because of its maturity within 12 months. Projected uses of cash include maintenance and significant discretionary capital expenditures (spending over the past 12 months of $728 million), the purchase of natural gas, a sizable debt maturity in 2010, and dividends (about $255 million).

At June 30, 2010, about $1.4 billion was available under the revolving credit facility. Liquidity is also supported by accounts receivable securitization facilities at NIPSCO, Columbia of Ohio, and Columbia Gas of Pennsylvania. About $140 million was outstanding under the securitization facilities, which provide for peak borrowing capacity of $550 million. Management expects $300 million of liquidity to be available under the revolving credit facility following the paydown of its $682 million due in November 2010 and working capital needs. Depending on the amount of natural gas supplies needed and the price of natural gas, working capital outflows could be higher, but liquidity should nonetheless be manageable assuming replacement of the revolving credit facility.

In our view, NiSource's liquidity position benefits from its ability to absorb high-impact, low-probability events with limited need for refinancing; it has the flexibility to lower capital spending; it has well-established bank relationships; it has above average access to the capital markets; and its risk management practices are prudent. In general, we view the utility sector as having above average access to the capital markets, even during very challenging market conditions such as those seen most recently witnessed in late 2008 and early 2009. Over the next two years, the company expects to settle its forward sale agreement established in September 2010 by issuing new common shares for which it will receive cash proceeds of about $400 million. The company plans to use the proceeds for general corporate purposes, including capital expenditures.

The company's debt agreements require the maintenance of debt to capital (as defined) to be below 70%. There is also significant covenant headroom under its debt agreements. At June 30, 2010, debt to total capital was 59%, which results in significant headroom under these covenants.

Outlook

The stable outlook reflects our expectation for the company to maintain an adequate liquidity position and for stable operating and financial performance while executing its capital expenditure program without material construction cost overruns or completion delays. We could lower the rating if key credit metrics, which have no cushion to withstand any further degradation, deteriorate. We could also lower the rating if the company's credit facility is not renewed in the first quarter of 2011. A downgrade is also possible if regulators conclude the NIPSCO rate case in a manner that leads to meaningful pressure on the company's projected cash flows. While we do not currently contemplate an upgrade, credit quality could improve if cash flow metrics considerably improve, specifically FFO to debt of more than 15% on a sustained basis. The company can accomplish this by paying down debt with increased equity sales, asset dispositions, or higher internally generated cash flow, but management has not disclosed plans to do so.

Related Criteria And Research

Criteria: Key Credit Factors: Business And Financial Risks In the Investor-Owned Utilities Industry, published Nov. 26, 2008.

STANDARD
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January 6, 2009

Summary:

NiSource Inc.

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Summary:
NiSource Inc.

Credit Rating: BBB-/Negative/NR

Rationale

The ratings on NiSource are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group (CEG; not rated), Northern Indiana Public Service Co. (NIPSCO; BBB-/Stable/--), and Bay State Gas Co. (BBB-/Stable/--). Merrillville, Ind.-based NiSource is involved in regulated gas distribution (35% of consolidated cash flow), gas transmission and storage (32%), and vertically integrated electric operations (33%). As of Sept 30, 2008, NiSource had total adjusted debt, including operating leases and tax-affected pensions and postretirement obligations, totaled about $8 billion.

The stand-alone financial profiles of NiSource's utility subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, we view the default risk as the same throughout the organization, due to the absence of regulatory mechanisms or other structural barriers that sufficiently restrict subsidiary cash flow to the holding company. NiSource's aggressive capital-spending program, although it was recently curtailed, will still result in negative free cash flow and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies, several pipeline expansions, and the acquisition of Sugar Creek will improve and further stabilize cash in the longer-term.

NiSource's business plan, which centers almost exclusively on regulated businesses, a diverse service area encompassing nine states, historically responsive ratemaking principles, and competitive gas distribution and pipeline cost structures support the company's excellent business position. NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy somewhat temper NiSource's strengths. NiSource's aggressive capital-spending program, although now scaled back slightly, will still result in negative free cash flow and increased debt levels, reversing years of deleveraging. Initiatives to improve regulatory design at the gas distribution companies and several pipeline expansions will improve and further stabilize cash in the longer term, however.

Standard & Poor's business risk profile on NiSource is excellent, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate design mechanisms. These include "decoupling" rates from profits to reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. NIPSCO's pending rate case will also influence future performance, although the process is still in its early stages and a result that is not markedly different than the company's expectations is not expected to dramatically influence cash flow metrics given the cash flow diversity from other business lines. The sale of the Whiting Clean Energy facility will require NiSource to explore other, longer-term options to replace this capacity.

We characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and a constrained liquidity position given its significant near-term capital expenditures and debt maturities. While NiSource had improved its balance sheet after the debt-financed acquisitions of Bay State and CEG, a more aggressive growth plan, which includes capital spending of about $900 million per year, reversed this improvement. Also, the company does not plan to go ahead with the $300 million MLP IPO as announced earlier and this gap will now likely be funded by debt. The company will likely need external financing in 2009 to fund a liquidity shortfall, in addition to accessing the capital markets to meet about $461 million of 2009 debt maturities. As a result, NiSource's already weak financial profile could be pressured further if it can not raise funds in a timely manner or has to incur high interest rates due to currently strained debt and equity markets. For the next several years, we expect funds from operations (FFO) to total debt to remain weak, at around 12%, despite adequate FFO interest coverage of 3x. Despite the many growth initiatives in the company's strategic plan, cash flow is not expected to improve from current levels for several years due to the financing and operating costs of buying Sugar Creek, weakness in the local economy, and the regulatory lag in implementing a series of rate cases.

Liquidity

We project NiSource's liquidity position to be constrained in 2009. In addition to capital spending, other projected uses of cash include dividends of about $250 million, debt maturities of $461 million, and payments associated with the Tawney settlement (about $230 million after-tax). Given these uses of cash and projected cash from operations of about $1 billion and about $680 million of available credit facility capacity and cash, we expect NiSource to have a negative liquidity position of about $450 million. NiSource also has $1 billion of debt maturities in 2010, resulting in nearly 20% of its adjusted debt balance coming due in the next two years.

Funding vehicle NiSource Finance Corp. has a $1.5 billion, five-year revolving credit facility that terminates in July 2011. In September 2008, NiSource Finance entered into a new $500 million credit facility expiring in March 2009. As of Sept. 30, 2008, the company had about $654 million available under the facilities and $25 million in unrestricted cash. The company issued $700 million of debt in May 2008 and used it to reduce short-term borrowings, as well as to fund capital expenditures and for general corporate purposes. However, maturities of $461 million in 2009 and $1 billion in 2010 substantially exceed cash flow estimates and will require refinancing.

Outlook

The negative outlook reflects our expectation of a strained liquidity position in 2009 given sizable capital spending requirements, debt maturities, and payments related to the Tawney lawsuit. We could lower the rating if the company cannot obtain adequate funding and the shortfall in liquidity is prolonged throughout the first half of 2009. We could also lower the rating if the company's financial profile and credit metrics continue to be weak and anticipated cash flow improvements do not transpire; specifically an FFO to debt ratio of about 10% would lead to a lower rating. We could revise the outlook to stable if the company's liquidity position improves to the point where excess liquidity of about $300 million to $500 million is achieved or there is a considerable improvement in cash flow metrics, specifically FFO to debt of more than 15% on a sustained basis.

FITCH DOWNGRADES NISOURCE & SUBSIDIARIES' IDRS TO 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-04 February 2009: Fitch Ratings has downgraded the outstanding ratings for NiSource Inc. (NI) and its subsidiaries as follows:

NI

--Issuer Default Rating (IDR) to 'BBB-' from 'BBB'.

NiSource Capital Markets, Inc. (NI Capital Markets)

--IDR to 'BBB-' from 'BBB';

--Senior unsecured debt to 'BBB-' from 'BBB'.

NiSource Finance Corp. (NI Finance)

--IDR to 'BBB-' from 'BBB';

--Senior unsecured debt to 'BBB-' from 'BBB';

--Short-term IDR to 'F3' from 'F2';

--Commercial paper (CP) to 'F3' from 'F2'

Northern Indiana Public Service Co. (NIPSCO)

--IDR to 'BBB-' from 'BBB';

--Senior unsecured debt to 'BBB' from 'BBB+'.

Jasper County (IN)

Michigan City (IN)

--Senior unsecured pollution control revenue bonds to 'BBB' from 'BBB+'.

Approximately $6.2 billion of outstanding long-term debt is affected. The Rating Outlook for NI and its subsidiaries is Stable.

The rating action reflects Fitch's expectation that NI will experience challenging operating and financial conditions and a potential weakening in credit metrics in 2009. The unfavorable economic and capital market environment could continue for the full year and beyond. At NIPSCO the recessionary U.S. economy will contribute to weakening industrial demand and lower margins. Steel and steel related businesses, NIPSCO's largest industrial customer category, have been particularly hard hit in recent months. Fitch notes that domestic steel production has been declining since August and is currently at less than

50% capacity utilization. Also contributing to weakening financial results are increasing electric operating costs, primarily the result of the mid-2008 purchase of the $330 million Sugar Creek gas-fired electric generation plant. Future earnings will also be affected by increasing pension costs which could be $100 million greater in 2009 than 2008 and higher interest expenses. Based on current conditions Fitch expects NI's consolidated 2009 credit measures to be generally consistent with a 'BBB-' rating.

Planned capital spending at NI's operating subsidiaries, while reduced to $800 million in 2009 from in excess of $1 billion, is expected to be relatively large over the next several years. In addition to companywide maintenance and growth spending, NIPSCO must address its long-term capacity shortfall which could result in the future purchase or construction of new electric generation. At the same time, debt maturities will be significant with nearly $1.4 billion of NI Finance long-term debt maturing by the end of 2010. In addition, NI Finance's seasonal $500 million short-term revolving credit facility matures on March 23, 2009. The once planned monetization of Columbia Gulf through a MLP dropdown is now impractical. Given limited capital market and bank liquidity and depressed equity values, financing costs are expected to be up significantly. NI Finance has recently received written commitments from a syndicate of banks for $265 million of unsecured two-year term debt maturing in April 2011. While the term debt will provide a temporary liquidity cushion, the issuance of additional long-term debt is anticipated in each of the next several years. NI's inability to maintain adequate liquidity and address its refinancing and capital spending needs in a timely fashion would likely result in a negative rating action.

Favorable rating considerations include the low business risk and stable operating performance generated by NI's geographically diverse mix of regulated operations and the positive effect of increased natural gas utility rates in Ohio and Pennsylvania. Virtually 100% of NI's earnings now come from its utility and pipeline subsidiaries. With the sale of the Whiting Clean Energy co-generation facility to BP Alternative Energy North America Inc. in mid-2008, NI completed the divestiture of its higher risk and least profitable businesses. Growth initiatives have modest risk and are complementary to existing core operations. Current pipeline and storage expansion projects have favorable locational and contractual characteristics. Furthermore, working capital is reduced with lower natural gas prices.

Regulatory mechanisms have generally provided timely cost recovery and supported relatively stable operating results. On Dec. 3, 2008, the Public Utilities Commission of Ohio approved Columbia Gas of Ohio's settled rate case. This will result in a $47.1 million annual increase in revenues and was its first base rate increase in fourteen years. On Oct. 23, 2008, the Pennsylvania Public Utility Commission approved Columbia Gas of Pennsylvania's $41.5 million rate case settlement. The new rates in Ohio and Pennsylvania became effective in the fourth quarter of 2008.

On Aug. 29, 2008, NIPSCO filed its first full rate case with the Indiana Utility Regulatory Commission in twenty years. The filing was modified on Dec. 22, 2008. NIPSCO is requesting among other things the inclusion of Sugar Creek in rate base. The base rate increase, if fully approved, would result in an $85.7 million increase in revenues. The rate case also proposes a new tracker to recover any MISO charges currently being deferred, recovery of purchase power energy and capacity costs and a sharing with customers of off-system sales and transmission revenues. The rate case review is expected to take between 12 to 18 months with new rates expected to be effective in late 2009 or early 2010. The inclusion of Sugar Creek in rate base and a reasonable revenue increase would be viewed favorably by Fitch.

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Provider ID: 00305518
-0- Feb/04/2009 20:51 GMT

Fitch Rates NiSource Finance Notes 'BBB-'; Outlook Stable
2009-03-05 14:48:18.930 GMT

FITCH RATES NISOURCE FINANCE NOTES 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-05 March 2009: Fitch Ratings has assigned a 'BBB-' rating to NiSource Finance Corp.'s (NI Finance) $600 million 10.75% notes due 2016. The Rating Outlook is Stable.

NI Finance is a wholly-owned special purpose finance subsidiary of NiSource Inc. (NI, Fitch Issuer Default Rating of 'BBB-'), and its debt is unconditionally guaranteed by NI. Note proceeds will be used to repay outstanding short-term debt and for general corporate purposes which could include the repayment of NI Finance notes prior to maturity.

NI Finance's rating considers Fitch's expectation that the company will experience challenging operating and financial conditions and a potential weakening in credit metrics in 2009. The unfavorable economic and capital market environment could continue for the full year and beyond. At Northern Indiana Public Service Co. (NIPSCO) the recessionary U.S. economy will contribute to weakening industrial demand and lower margins. Also contributing to weakening financial results are increasing operating costs, pension expenses which could be $100 million greater in 2009 than 2008 and higher interest expenses. However, even under current conditions Fitch expects NI's consolidated 2009 credit measures to be generally consistent with a 'BBB-' rating.

Favorable rating considerations include the low business risk and stable operating performance generated by NI's geographically diverse mix of regulated operations and the positive effect of increased natural gas utility rates in Ohio and Pennsylvania. Virtually 100% of NI's earnings now come from its utility and pipeline subsidiaries. Growth initiatives have modest risk and are complementary to existing core operations. Current pipeline and storage expansion projects have favorable locational and contractual characteristics. Furthermore, working capital is reduced with a low natural gas price environment.

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Provider ID: 00309855
-0- Mar/05/2009 14:48 GMT

FII Fitch Rates NiSource Finance Notes 'BBB-'; Outlook Stable
Dec 2 2009 15:07:52

FITCH RATES NISOURCE FINANCE NOTES 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-02 December 2009: Fitch Ratings has assigned a 'BBB-' rating to NiSource Finance Corp.'s (NI Finance) $500 million 6.125 % notes due 2022. The Rating Outlook is Stable. NI Finance is a wholly-owned special purpose finance subsidiary of NiSource Inc. (NI; Fitch Issuer Default Rating 'BBB-') and its debt is unconditionally guaranteed by NI. Note proceeds will be used to lend $120 million to NI subsidiary Northern Indiana Public Service Co. (NIPSCO) to refinance a portion of the purchase price of the Sugar Creek generating facility it bought in 2008. The remainder will be applied toward the repayment of $385 million of borrowings under a term loan maturing on Feb. 11, 2011.

NI Finance's rating and Stable Outlook reflect the low business risk and consistent operating performance generated by NI's geographically diverse mix of regulated operations, and the positive effect of increased natural gas utility rates in Ohio, Pennsylvania and, most recently, Massachusetts. In addition, NIPSCO has filed an electric rate case requesting an increase in base rates that would result in additional annual margin of nearly $78 million. The increased base rates are expected to be effective in early 2010. Virtually 100% of NI's earnings now come from its utility and pipeline subsidiaries. Growth initiatives have modest risk and are complementary to existing core operations.

NI's credit measures are consistent with expectations and its liquidity position should be relatively strong going into 2010. For the 12 months ended Sept. 30, 2009, funds from operations (FFO) coverage was 3.6 times (x) and debt to operating EBITDA was 5.0x. In addition to NI Finance's 2009 debt financings, liquidity improvements in 2009 result from increased FFO which includes a $295 million improvement for a tax method change and positive working capital primarily driven by changes in gas prices.

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CONDUCT' SECTION OF THIS SITE.

Provider ID: 00392679
-0- Dec/02/2009 20:07 GMT

FII Fitch Affirms NiSource & Subs' IDRS at 'BBB-'; Outlook Stable
Dec 15 2009 13:52:07

FITCH AFFIRMS NISOURCE & SUBSIDIARIES' IDRS AT 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-15 December 2009: Fitch Ratings has affirmed the outstanding ratings for NiSource Inc. (NI) and its subsidiaries as listed below:

NI

--Issuer Default Rating (IDR) at 'BBB-'.

NiSource Capital Markets, Inc. (NI Capital Markets)

--IDR at 'BBB-';

--Senior unsecured debt at 'BBB-'.

NiSource Finance Corp. (NI Finance)

--IDR at 'BBB-';

--Senior unsecured debt at 'BBB-';

--Short-term IDR at 'F3';

--Commercial paper (CP) at 'F3'.

Northern Indiana Public Service Co. (NIPSCO)

--IDR at 'BBB-';

--Senior unsecured debt at 'BBB'.

Approximately $6.4 billion of outstanding long-term debt is affected. The Rating Outlook for NI and its subsidiaries is Stable.

In early December 2009, NI Finance issued $500 million of 6.125% notes due 2022. Note proceeds were used to lend $120 million to NI subsidiary NIPSCO to refinance a portion of the purchase price of the Sugar Creek generating facility it bought in 2008. The remainder was applied on Dec. 7, 2009 toward the repayment of $385 million of borrowings under a term loan maturing on Feb. 11, 2011.

NI Finance's rating and Stable Rating Outlook reflect the low business risk and consistent operating performance generated by NI's geographically diverse mix of regulated operations and the positive effect of increased natural gas utility rates in Ohio and Pennsylvania and, most recently, Massachusetts. In addition, NIPSCO has filed an electric rate case requesting an increase in base rates that would result in additional annual margin of nearly $78 million. The increased base rates are expected to be effective in early 2010. Virtually 100% of NI's earnings now come from its utility and pipeline subsidiaries. Growth initiatives have modest risk and are complementary to existing core operations.

Rating concerns include expectations for a slow economic recovery and its effect on NIPSCO's industrial demand and margins. Demand from steel and steel related businesses, NIPSCO's largest industrial category, remains weak. Additionally, NI has substantial ongoing pension and other post employment benefit costs, and recovery of these costs will require multiple regulatory filings including a second electric rate case by NIPSCO later in 2010.

NI's credit measures are consistent with expectations and its liquidity position should be relatively strong going into 2010. For the 12 months ended Sept. 30, 2009, funds from operations (FFO) coverage was 3.6 times (x) and debt to operating EBITDA was 5.0x. In addition to NI Finance's 2009 debt financings, liquidity improvements in 2009 result from increased FFO which includes a $295 million improvement for a tax method change and positive working capital primarily driven by changes in gas prices. The sale of Energy USA-TCP, NI's unregulated natural gas marketing subsidiary, which is expected to close in the first quarter of 2010 will reduce commodity hedging activities and eliminate parent company guarantees. NI Finance's $1.5 billion revolving credit facility matures in July 2011 and at Sept. 30, 2009 had net availability of $1.234 billion.

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Provider ID: 00394226
-0- Dec/15/2009 18:52 GMT

FITCH RATES NISOURCE FINANCE CORP.'S $250MM NOTES 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-01 December 2010: Fitch Ratings has assigned a 'BBB-' rating to NiSource Finance Corp.'s (NiSource Finance) proposed offering of $250 million notes due 2040 (notes). NiSource Finance is a wholly-owned special purpose finance subsidiary of NiSource Inc. (NI; rated 'BBB-' with a Stable Outlook by Fitch). The notes are unconditionally guaranteed by NI. Note proceeds, as well as funds drawn under NiSource Finance's revolving credit facility, will be used to purchase outstanding NiSource Finance notes under a tender offer that was announced today. NiSource Finance's Rating Outlook is Stable.

On Dec. 1, 2010, NI announced its intent to commence a tender offer to purchase for cash up to $250 million aggregate principal amount of outstanding 10.75% notes due 2016 (2016 notes) and, if less than $250 million aggregate principal amount of 2016 notes are tendered, to purchase up to an aggregate principal amount of 6.8% notes due 2019 (2019 notes) equal to the difference between $250 million and the principal amount of 2016 notes tendered. The sale of the notes is not conditioned on completion of the tender offer. There is $600 million principal amount of 2016 notes outstanding.

NiSource Finance's rating and Stable Outlook reflect the low business risk and consistent operating performance generated by NI's geographically diverse mix of regulated operations. Other favorable considerations include increasing revenues from improved industrial electric usage at Northern Indiana Public Service Co. (NIPSCO) as regional steel production has increased from recessionary lows, reduced business risk with the wind down of NI's energy marketing activities, and the future financial benefits from a $400 million forward equity sale executed by NI in September 2010.

Rating concerns include the moderating effect of a slow economic recovery on electric and gas demand, the impact of increased competition on NI pipeline subsidiary Columbia Gulf's throughput, and the challenges of managing the company's substantial future pension and other post employee retirement benefit (OPEB) obligations.

On Nov. 19, 2010, NIPSCO filed a follow-up electric rate case in Indiana, effectively consolidating it with its 2008 rate case filing. The new filing addresses items that have changed since the 2008 filing, including factors related to the economic downturn, changes in customer usage and operating conditions, and efforts to enhance customer programs and rate design. In particular, NIPSCO seeks recovery of pension and OPEB costs. Under the filing, residential electric bills would increase by an average of $5.94 per month or 7.9%. The company expects receipt of an order by the end of 2011.

NI's credit measures remain consistent with its rating category and liquidity should be adequate throughout 2011. For the 12 months ended Sept. 30, 2010, funds from operations (FFO) coverage was 3.6 times and debt to operating EBITDA was 4.9x. Fitch expects NI Finance to successfully renew its $1.5 billion revolving credit facility that matures in July 2011, albeit at higher cost.

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Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Credit Rating Guidelines for Regulated Utility Companies' July 31, 2007;

--'U.S. Power and Gas Comparative Risk (COR) Evaluation and Financial Guidelines' Aug. 22, 2007;

--'Short-Term Ratings Criteria for Corporate Finance' Nov. 2, 2010.

Applicable Criteria and Related Research:

Credit Rating Guidelines for Regulated Utility Companies

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=334652

U.S. Power and Gas Comparative Operating Risk (COR) Evaluation and Financial Guidelines

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=338030

Short-Term Ratings for Corporate Finance

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=568726

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FITCH AFFIRMS NISOURCE & SUBSIDIARIES' IDRS AT 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-14 December 2010: Fitch Ratings has affirmed the outstanding ratings for NiSource Inc. (NI) and its subsidiaries as follows:

NI

--Issuer Default Rating (IDR) at 'BBB-'.

NiSource Capital Markets, Inc. (NI Capital Markets)

--IDR at 'BBB-';

--Senior unsecured debt at 'BBB-'.

Ni Source Finance Corp. (NiSource Finance)

--IDR at 'BBB-';

--Senior unsecured debt at 'BBB-';

--Short-term IDR at 'F3';

--Commercial paper (CP) at 'F3'.

Northern Indiana Public Service Co. (NIPSCO)

--IDR at 'BBB-';

--Senior unsecured debt and pollution control revenue bonds at 'BBB'.

NI's rating and Stable Outlook reflect the low business risk and consistent operating performance generated by its geographically diverse mix of regulated operations. Other favorable considerations include increasing revenues from improved industrial electric usage at Northern Indiana Public Service Co. (NIPSCO) as regional steel production has increased from recessionary lows, reduced business risk with the wind down of NI's energy marketing activities, and the future financial benefits from a $400 million forward equity sale executed by NI in September 2010.

Rating concerns include the moderating effect of a slow economic recovery on electric and gas demand, the impact of increased competition on NI pipeline subsidiary Columbia Gulf's throughput, and the challenges of managing the company's substantial future pension and other post employee retirement benefit (OPEB) obligations.

On Nov. 19, 2010, NIPSCO filed a follow-up electric rate case in Indiana, effectively consolidating it with its 2008 rate case filing. The new filing addresses items that have changed since the 2008 filing, including factors related to the economic downturn, changes in customer usage and operating conditions, and efforts to enhance customer programs and rate design. In particular, NIPSCO seeks recovery of pension and OPEB costs. Under the filing, residential electric bills would increase by an average of $5.94 per month or 7.9%. The company expects receipt of an order by the end of 2011.

On Dec. 1, 2010, NI initiated a tender offer to purchase for cash up to $250 million aggregate principal amount of outstanding 10.75% notes due 2016 (2016 Notes) and, if less than $250 million aggregate principal amount of 2016 Notes are tendered, to purchase up to an aggregate principal amount of 6.80% notes due 2019 (2019 Notes) equal to the difference between $250 million and the principal amount of 2016 Notes tendered. On Dec. 1, 2010, NI Finance priced $250 million of 6.25% notes due 2040, with proceeds to be used to purchase the tendered

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