

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 114
Respondent: Mark Downing

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

114. Please provide copies of all correspondence between NiSource or Columbia and any of the three major bond rating agencies (S&P, Moody's, and Fitch) from January 1, 2009 to the present. These include copies of letters, reports, presentations, emails, and notes from telephone conversations.

Response:

Please see Attachment A hereto which is marked CONFIDENTIAL. This information will be made available upon execution of a confidentiality agreement.

Attachment (A) to AG DR Set 1 No. 114

[CONFIDENTIAL]

Correspondence/Presentations from 2009 to 2012

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 115
Respondent: Paul R. Moul

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

115. Please provide the corporate credit and bond ratings assigned to NiSource, Columbia Energy Group, and Columbia since the year 2000 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, please provide a copy of the associated report.

Response:

Please see PSC Case No. 2013-00167_AG Set 1 DR No. 115 Attachment G, which is an excel file providing the corporate credit and bond rating assigned to NiSource Inc. and Columbia Energy Group since the year 2000. Any change in the rating has been highlighted and the corresponding report is attached in PSC Case No. 2013-00167_AG Set 1 DR No. 115 Attachments A-F.

FII Fitch Rts NiSource & NiSource Fin Corp.; Dwngrs Columbia Energy
Oct 27 2000 12:15:38

Fitch Rts NiSource & NiSource Fin Corp.; Dwngrs Columbia Energy

Fitch-NY-October 27, 2000: Fitch has assigned a preliminary (implied) 'BBB+' senior unsecured debt rating to NiSource Inc. (NiSource). In addition, Fitch has assigned preliminary 'BBB+' senior unsecured debt and 'F2' commercial paper ratings to NiSource Finance Corp. (Finance Corp.). Finance Corp. will be the primary financing subsidiary for the new NiSource holding company established through its upcoming merger with Columbia Energy Group. Finance Corp. debt will be guaranteed by NiSource. The above ratings are conditioned upon completion of the merger.

Other affiliated rating actions are as follows:

- NiSource Capital Trust I corporate premium income equity securities are downgraded to 'BBB' from 'A-';
- NiSource Capital Markets, Inc. (Capital Markets) senior unsecured debt is downgraded to 'BBB+' from 'A-', quarterly income debt securities are downgraded to 'BBB' from 'BBB+', and commercial paper downgraded to 'F2' from 'F1';
- Northern Indiana Public Service Company (NIPSCO) securities are affirmed at 'A+' for first mortgage bonds, 'A' for senior unsecured debt, 'A-' for preferred stock, and 'F1' for commercial paper;
- Columbia Energy Group's (Columbia) debentures are downgraded to 'A-' from 'A' and commercial paper to 'F2' from 'F1'.

The securities for Capital Markets, NIPSCO, and Columbia are removed from Rating Watch Negative where they were placed following the merger agreement between NiSource and Columbia. The Rating Outlook for all the rated entities is Stable.

The above ratings reflect the upcoming acquisition of Columbia and the establishment of the new NiSource holding company. NiSource will fund the transaction with approximately \$3.9 billion in cash from its acquisition bank facility and asset sale proceeds, \$1.76 billion of NiSource common stock, and \$106 million proceeds from a zero-coupon debt instrument with a four-year forward equity contract (SAILS). Assets recently sold and those targeted to be divested by year-end 2000 should generate total after-tax proceeds of nearly \$1.4 billion. Advances under the bank facility, which are expected to total \$2.57 billion after current assets sales, will be refinanced through the issuance of long-term debt and commercial paper

FII Fitch Rts NiSource & NiSource Fin Corp.; Dwngrs Columbia Energy
Oct 27 2000 12:15:38
by Finance Corp.

Fitch has reviewed the prospective financing plans and business strategies for NiSource and has considered this information in assigning the ratings. A further credit consideration is the structural subordination of NiSource, Finance Corp., and Capital Markets to the cash flow and debt of its primary subsidiaries, including, NIPSCO and Columbia. Based on its analysis of corporate structure and inter-company cash flow, Fitch considers credit ratings for NiSource, Finance Corp., and Capital Markets to rank equally, although there are technical differences between the support agreement NiSource provides Capital Markets and the guarantee it provides Finance Corp.

A positive rating consideration for NiSource has been the reduction in transactional risk in recent months with the favorable execution of non-core asset sales at NiSource and Columbia. In addition, NiSource's ongoing consolidated business risk is lowered with the sale of its less-predictable propane, independent power, high-deliverability gas storage, and energy marketing operations.

Following the merger, NiSource will be the holding company for Columbia, NIPSCO, and several other operating companies. After planned asset sales, nearly 90% of NiSource's cash flow will be generated by its low-risk gas distribution, gas transmission, and integrated electric operations. Each of its major state and Federal Energy Regulatory Commission (FERC) regulated companies exhibits a solid credit profile and positive competitive operating characteristics. Furthermore, the largest remaining non-regulated business, oil and gas exploration and production, is conservatively managed with commodity price exposure minimized through aggressive hedging. Based on its analysis of future operations, Fitch has found projected quantitative credit measures for NiSource to be consistent with its 'BBB+' and 'F2' ratings.

The rating affirmation for NIPSCO is primarily based on its strong standalone credit profile and positive operating characteristics. Furthermore, it is anticipated that NIPSCO will only dividend up free cash flow after capital spending is funded. As a result, credit measures at NIPSCO are expected to remain consistently strong. Longer-term credit concerns incorporated in NIPSCO's ratings include the yet to be determined path to utility deregulation in Indiana and potential costly environmental compliance for its primarily coal-fired generation.

The one notch downgrade in ratings at Columbia reflects the substantial new NiSource debt required to fund the transaction and the credit implications of the post-merger holding company. Columbia's standalone credit measures are consistent with its prior 'A/F1' ratings. However, Fitch has determined that given its business mix and operating

FII Fitch Rts NiSource & NiSource Fin Corp.; Dwngrs Columbia Energy
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startegy, Columbia will not benefit from the same degree of regulatory 'ring fencing' provided to NIPSCO in Indiana. Therefore, debt ratings for Columbia have been converged toward those for NiSource. Furthermore, Columbia's operations, particularly its interstate pipelines, will be functionally tied to the natural gas activities now housed at NiSource.

Fitch is an international rating agency that provides global capital market investors with the highest quality ratings and research. Dual headquartered in New York and London with a major office in Chicago, Fitch rates entities in 75 countries and has some 1,100 employees in more than 40 local offices worldwide. The agency, which is a combination of Fitch IBCA and Duff & Phelps Credit Rating Co., provides ratings for Financial Institutions, Insurance, Corporates, Structured Finance, Sovereigns and Public Finance markets worldwide.

Contact: Ralph Pellecchia 1-212-908-0586 or Hugh Welton 1-212-908-0746, New York.

-0- (FII) Oct/27/2000 16:15 GMT

Research

Various Rating Actions on NiSource, Subs & Columbia Energy In Anticipation of Merger Close

24-Oct-2000

NEW YORK (Standard & Poor's CreditWire) Oct. 24, 2000--Standard & Poor's today lowered its ratings on NiSource Inc.'s subsidiaries Northern Indiana Public Service Co. (NIPSCO), Bay State Gas Co., IWC Resources Corp., and Indianapolis Water Co. The long-term ratings on NiSource subsidiary, NiSource Capital Markets Inc., were also lowered, and the short-term ratings on the company were affirmed. In addition, Standard & Poor's lowered its long-term ratings on Columbia Energy Group. The short-term ratings on Columbia Energy were affirmed.

All the ratings on NIPSCO, NiSource Capital Markets, Bay State Gas, and Columbia Energy were removed from CreditWatch with negative implications. The ratings of IWC Resources Corp. and its utility subsidiary Indianapolis Water Co. remain on CreditWatch with developing implications, pending NiSource's divestiture of IWC Resources.

At the same time, Standard & Poor's assigned its triple-'B' long-term and 'A-2' short-term corporate credit ratings to NiSource Inc., the holding company of the soon-to-be consummated merger of NiSource and Columbia Energy. Standard & Poor's also assigned its 'A-2' commercial paper rating and triple-'B' bank loan rating to NiSource Finance Corp.

The outlook on NiSource, NIPSCO, NiSource Capital Markets, Bay State Gas, and Columbia Energy is stable.

The ratings on NIPSCO, NiSource Capital Markets, Bay State Gas, and Columbia Energy were originally placed on CreditWatch on June 7, 1999. The CreditWatch developing listing for IWC Resources and Indianapolis Water reflects NiSource's intention to sell the water business.

The rating actions reflect NiSource's imminent completion of the acquisition of Columbia Energy. Standard & Poor's expects the SEC to issue its ruling in late October 2000, followed by closing of the transaction on Nov. 1, 2000. This is the final required approval. Under the terms of the early 2000 merger agreement, NiSource will purchase Columbia Energy for about \$6 billion plus the assumption of \$2.0 billion of Columbia Energy debt. Columbia Energy's shareholders can elect to receive \$74 per share in stock for up to 30% of the total consideration, or \$70 in cash, plus \$2.60 of a SAILS(sm) (a zero coupon debt security with a forward equity contract).

NiSource's corporate credit rating is based on the consolidated financial and business risk profiles of the entire NiSource family of companies, which include the regulated gas distribution, gas transmission and vertically integrated electric operations, and the unregulated exploration and production business. Because there are no regulatory mechanisms or other structural barriers in NiSource's nine-state service area that sufficiently restrict access by the holding company to the cash flow of any of its utilities, Standard & Poor's views the default risk as being the same throughout the organization. The unsecured debt of NiSource Capital Markets, which benefits from a strong net worth maintenance agreement with NiSource, as well as the new bank acquisition facility and prospective debt issuances at NiSource Finance, will not be notched down for structural subordination, reflecting the declining level of debt at the operating subsidiaries and the fact that all future long-term securities will be issued at or guaranteed by the

parent.

NIPSCO's first mortgage bonds are rated one notch higher than the firm's corporate credit rating as a result of the strong collateral value of the utility property. NIPSCO's senior unsecured debt is rated the same as the corporate credit rating because these bondholders are not materially disadvantaged by the small, and shrinking, amount of outstanding first mortgage bonds.

With regard to Bay State Gas and Columbia Energy, there are no first mortgage bonds; hence, their senior unsecured debt is rated the same as their corporate credit ratings.

NiSource and Columbia Energy are in the advanced stages of selling about \$1.4 billion of nonstrategic riskier assets, proceeds from which will be used to reduce debt. However, debt will still be nearly 69% of total capitalization at the end of 2000 (assuming 30% stock election). Notwithstanding NiSource's stronger business profile that results from these divestitures and the acquisition of relatively low-risk transmission and distribution operations, the very high debt level will pressure initial post-merger financial measures. As a result, pretax interest coverage will hover around 2.3 times (x), and funds flow interest coverage and funds from operations to total debt will stand at about 3.0x and 15%, respectively. However, in light of merger synergies, tight cost controls, and expectations for higher earnings, key measures of bondholder protection are expected to approach levels commensurate with a triple-'B' corporate credit rating within the next few years.

With assets located across an enormous geographic area that stretches from the Gulf of Mexico and northward into the Midwest and Northeast, NiSource will have a powerful platform for growth, with about 3.6 million customers, access to 30% of the U.S. population, and 40% of the nation's energy consumption. The combined entity's strategic location and breadth of assets will provide NiSource the ability to arbitrage energy across time, weather, geography, and supply. Upstream opportunities from its commodity distribution businesses include gas and electric supply, gas transportation and storage, and asset-based commodity trading and asset optionality. Downstream activities will concentrate on heating and cooling equipment leasing, installation, and maintenance, and onsite, gas-fired back-up and distributed power generation.

OUTLOOK: STABLE

The stable outlook for NiSource reflects geographic diversity, modestly growing service areas, integration between Columbia Energy's gas distribution and gas transmission systems, a favorable regulatory environment, a competitive gas distribution and transmission cost structure, a credible management team, a relatively low dividend payout ratio, and expectations for gradual financial improvement. Upside credit potential will be limited by extraordinary liberal debt leverage and retention of the high-risk, commodity-based exploration and production business. The stable outlook for NIPSCO, Bay State Gas, and Columbia Energy mirrors that of parent NiSource, Standard & Poor's said.

-- CreditWire

RATINGS ASSIGNED

	RATING
NiSource Inc.	
Corporate credit rating	BBB/A-2
NiSource Finance Corp.	
Commercial paper*	A-2
Bank loan*	BBB
*Guaranteed by NiSource Inc.	

RATINGS AFFIRMED AND REMOVED FROM CREDITWATCH NEGATIVE

	RATING
Columbia Energy Group	
Short-term corporate credit rating	A-2
Commercial paper	A-2
NiSource Capital Markets Inc.	
Short-term corporate credit rating	A-2
Commercial paper	A-2

RATINGS LOWERED AND REMOVED FROM CREDITWATCH NEGATIVE

	TO	FROM
Northern Indiana Public Service Co.		
Corporate credit rating	BBB/A-2	A/A-1
Commercial paper	A-2	A-1
Senior secured debt	BBB+	A+
Senior unsecured debt	BBB	A
Preferred stock	BB+	BBB+
Bank loan	BBB	A

NiSource Capital Markets Inc.		
Long-term corporate credit rating	BBB	A-
Senior secured debt	BBB	A-
Subordinated debt	BBB-	BBB
Preferred stock	BBB-	BBB+
Bank loan	BBB	A-

NIPSCO Capital Trust I		
Preferred Stock	BBB-	BBB+
[Guaranteed by NiSource Capital Markets Inc.]		

Bay State Gas Co.		
Corporate credit rating	BBB/A-2	A/A-1
Commercial paper	A-2	A-1
Senior unsecured debt	BBB	A

Columbia Energy Group		
Long-term corporate credit rating	BBB	BBB+
Senior unsecured debt	BBB	BBB+
Bank loan	BBB	BBB+
Shelf senior unsecured/ preferred stock (prelim.)	BBB/BB+	BBB+/BBB-

RATINGS LOWERED AND REMAINING ON CREDITWATCH DEVELOPING

IWC Resources Corp.		
Senior unsecured debt	BBB-	A-
Subordinated debt	BBB-	A-

Indianapolis Water Co.		
Corporate credit rating	BBB	A

Senior unsecured debt

BBB+

A+

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Credit Analyst: Barbara A Eiseman, New York (1) 212-438-7666

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FII Fitch Dwngr L-T Debt Rtgs Of NiSource, Inc. & Subsidiaries
Dec 6 2001 12:08:04

Fitch Dwngr L-T Debt Rtgs Of NiSource, Inc. & Subsidiaries

Fitch-NY-December 6, 2001: Fitch has downgraded the long-term debt ratings of NiSource, Inc. (NI) to 'BBB' from 'BBB+'. Concurrently, Fitch has downgraded the long-term debt ratings of NI's subsidiaries, Northern Indiana Public Service (NIPSCO), Columbia Energy Group (CG), NiSource Capital Markets and NiSource Finance Corp. as detailed in the table below. The ratings downgrades reflect weak consolidated credit coverage ratios and higher than projected debt levels at NI, resulting in a credit profile which is more consistent with the 'BBB' rating category. The commercial paper program at NiSource Finance Corp. has been reaffirmed at 'F2'. The Rating Outlook for NI and all its subsidiaries is Stable.

The rating changes are as follows:

NiSource Inc.

--Implied Senior Unsecured Debt to 'BBB' from 'BBB+';

--Trust preferred to 'BBB-' from 'BBB'.

Northern Indiana Public Service Company

--Senior Secured Debt to 'A' from A+;

--Senior Unsecured Debt to 'A-' from 'A';

--Preferred Stock to 'BBB+' from 'A-'.

Columbia Energy Group

--Senior Unsecured Debt to 'BBB+' from 'A-'.

NiSource Capital Markets

--Senior Unsecured Debt to 'BBB' from 'BBB+';

--PIES to 'BBB-' from 'BBB-'.

NiSource Finance Corp.

--Senior Unsecured Debt to 'BBB' from 'BBB+';

--Comm. Paper affirmed at 'F2'.

The downgrade of NI's ratings reflects consolidated credit protection measures that are weak for the 'BBB+' rating as a result of the substantial debt financing required to fund the cash portion of its November 2000 acquisition of CG. Due to delays in completing targeted asset sales, short-term debt levels of nearly \$2 billion continue to be higher than previously expected. For the 12-month period ended September 30, 2001, NI's consolidated EBIT/Interest ratio

FII Fitch Dwngr L-T Debt Rtgs Of NiSource, Inc. & Subsidiaries
Dec 6 2001 12:08:04

was 1.6 (times) x, EBITDA/Interest was 2.5x and debt/total capitalization was 67%. Furthermore on November 30, 2001, NI announced its 2002 earnings outlook. Given current expectations, credit measures in 2002 will continue to be weaker than targeted levels.

Throughout 2001, consolidated earnings have been negatively impacted by depressed wholesale power prices, a slow economy and continuing bad debt expenses. Greater wholesale electric supply and lower demand in the Midwest region depressed prices resulting in significantly lower revenue for power sold in the wholesale market. NI's electric operations are exposed to the continued economic downturn in the industrial and manufacturing sectors, specifically in the steel industry, which supports many related supply businesses. Uncollectable accounts in the residential sector of NI's gas distribution segment resulted from the high gas prices of last winter. These factors will affect NI's near-term financial profile.

NI's credit quality and financial strength continue to be derived primarily from the regulated operations and financial condition of NIPSCO and CG. NIPSCO benefits from a solid stand-alone credit profile and positive operating characteristics. Despite a relatively high dividend payout to NI, NIPSCO's cash flow from operations continues to fund a majority of the company's capital spending needs. CG's solid stand-alone credit profile stems from the continued stable operations of its regulated gas distribution and transmission subsidiaries. However, regardless of solid financial and operating performance at its operating subs, both NIPSCO and CG face additional ongoing risk as operating subsidiaries of a more highly leveraged and financially weaker parent holding company.

Positively NI was able to complete the sale of its retail propane distribution businesses of CG to AmeriGas Partners LP in August 2001, for approximately \$202 million. Proceeds from the sale were used to pay down debt. In November NI signed a definitive agreement with the City of Indianapolis for the City to buy the assets of the Indianapolis Water Company and other subsidiaries of IWCR for \$515 million, (\$300 million in cash and \$215 million of debt). Closing of the sale is subject to various conditions, including regulatory approvals and the ability of the City to finance the transaction using investment-grade municipal bonds. Proceeds from the sale of the water assets will also be used to repay debt. The transaction is expected to close in the first part of 2002.

NI is the holding company NIPSCO, CG and several other operating companies. NiSource Finance Corp. is the primary financial subsidiary for NI and its operating subsidiaries. NiSource Finance Corp. debt is guaranteed by NI. NIPSCO is a public utility serving 430,000 electric and 690,000 natural gas customers. CG is engaged in the exploration and

FII Fitch Dwngr L-T Debt Rtgs Of NiSource, Inc. & Subsidiaries
Dec 6 2001 12:08:04

production, transmission, storage and distribution of
natural gas.

Contact: Ralph Pellecchia, 1-212-908-0586, New York or
Karen Anderson, 1-312-368-3165, Chicago.

-0- (FII) Dec/06/2001 17:08 GMT



Moody's Investors Service

Global Credit Research
Rating Action
1 FEB 2002

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Rating Action: Columbia Energy Group (The)

MOODY'S DOWNGRADES NISOURCE INC. SENIOR DEBT TO Baa3 AND SUBSIDIARIES TO Baa2; OUTLOOK REMAINS NEGATIVE

Approximately \$8 Billion of Debt Securities Affected.

New York, February 01, 2002 -- Moody's Investors Service downgraded the debt ratings of NISource Inc. (NISource) and its subsidiaries, all with negative outlooks. Ratings downgraded include:

NISource Inc. - Senior unsecured debt to Baa3, Premium Income Equity Securities to Baa3, Preferred shelf to (P)Ba2

Bay State Gas Company - Senior unsecured medium-term notes to Baa2

The Columbia Energy Group - Senior unsecured notes and senior unsecured bank credit facility to Baa2

NISource Capital Markets, Inc. - Senior unsecured debt to Baa3, subordinated to Ba1, shelf to (P)Baa3, commercial paper to P-3

Indianapolis Water Company - Senior unsecured debt to Baa2

Northern Indiana Public Service Company (NIPSCO) - First mortgage bonds to Baa1, senior unsecured debt and long-term issuer rating to Baa2, preferred stock to Baa3, senior secured pollution control revenue bonds to Baa1, senior unsecured pollution control revenue bonds to Baa2, short term rating to VMIG 2

NISource Capital Trust I - Preferred stock to Ba1

NISource Finance Corporation - Long-term issuer rating to Baa3, senior unsecured debt to Baa3, senior unsecured shelf to (P)Baa3, and commercial paper to P-3

These rating actions conclude reviews for downgrade begun on December 7, 2001. The downgrades reflect higher-than-expected debt levels and weaker-than-expected cash flow from its subsidiaries. The negative outlooks reflect the execution risk entailed in the company's plan to de-leverage itself over the next 12 to 18 months. With market capital of roughly \$4 billion, it will be a challenge to issue enough equity to offset over \$8 billion of debt on its balance sheet. Other than the pending sale of the Indianapolis Water Company, NISource's plan does not include any large asset sales in the near future. NISource also intends to keep its current dividend, which has been high relative to recent earnings. The high payout mitigates the benefit of deleveraging by requiring additional cash for incremental dividends. Moody's may take further rating action if the company is not successful in implementing its plan over the near-term.

Moody's recognizes the strength of NISource's utility subsidiaries. Stable regulated businesses account for 95% of consolidated earnings. Their low business risk is enhanced by their scope and geographic and regulatory diversity. However, their low business risk does not fully offset the risk of the heavy debt burden incurred in the Columbia Energy acquisition a little over a year ago. Adjusted debt-to-capital (including preferreds, hybrid securities, synthetic leases, and forward gas sales as debt) is very high at about 70% at year-end 2001. Retained cash flow-to-adjusted debt is very low at under 3% for 2001.

The downgrade also reflects NISource's reliance on dividends from NIPSCO, whose profitability is likely to be suppressed by the weak economy in northern Indiana. The local economy, and a substantial portion of NIPSCO's revenues is tied to the steel industry, which is undergoing a cyclical downturn and consolidation. Furthermore, the Indiana Utility Regulatory Commission is investigating whether to reduce NIPSCO's retail electric rates. A significant reduction in NIPSCO's rates would stress the parent company, which is expecting it to provide almost three-quarters of its cash flows.

Cash upstreamed from Columbia is also less than what was previously expected. The total cash flows that the parent receives from NIPSCO, Columbia, Bay State, and minor subsidiaries do not cover cash required

for its debt service and common dividends.

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NiSource's liquidity position has been constrained but is stabilizing. NiSource's banks have been supportive, and the company has been able to draw on its revolver as well as to issue limited amounts of commercial paper. There is adequate unused capacity left on their \$2.5 billion bank facility. Going into spring, cash flows generated by its gas distribution business should swing into their seasonal high and ease its liquidity constraints. Later in the spring, the Indianapolis Water Company sale will generate cash proceeds of \$300 million which will help to accelerate the debt reduction.

The two-notch downgrades for Columbia and NIPSCO and the three-notch downgrades for Bay State and Indianapolis Water Company align the ratings of the subsidiaries and bring them closer to the parent's rating. The change in notching reflects the subsidiaries' financial and operational integration with the parent and lack of regulatory ringfencing. Over the past year, the parent company, through its NiSource Finance subsidiary, has assumed the management of external financing from its subsidiaries. There are no regulatory mandates that restrict the subsidiaries from upstreaming their available cash to the parent.

NiSource, inc., headquartered in Merrillville, Indiana, is a diversified energy distribution company with electric, natural gas, and water operations.

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Managing Director
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New York
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MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and 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.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

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Research

Research Update:

NiSource Inc. Lowered To 'BBB-', Off Watch Re: New Corporate Strategy; Outlook Stable

18-Dec-2007

Rationale

On Dec. 18, 2007, Standard & Poor's Ratings Services lowered its corporate credit rating on utility holding company NiSource Inc. and its subsidiaries to 'BBB-' from 'BBB', and removed them CreditWatch, where we placed them with negative implications on Nov. 2, 2007. The outlook is stable.

The rating downgrade reflects NiSource's newly aggressive capital spending program, which will result in negative free cash flow and increased debt levels, reversing years of deleveraging. The company also announced the addition of two electric power plants, which it expects to add to rate base, and several pipeline expansions. Longer term, we expect these activities, in addition to initiatives to improve regulatory design at the gas distribution companies, to improve and stabilize cash flow.

The ratings on NiSource are based on the consolidated financial and business risk profiles of its various subsidiaries, which include Columbia Energy Group, Northern Indiana Public Service Co. (NIPSCO), and Bay State Gas Co. 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, 2007, NiSource had total adjusted debt, including operating leases and tax affected pensions and post-retirement obligations, of about \$7.8 billion.

The stand-alone financial profiles of NiSource's subsidiaries are much stronger than the consolidated financial profile, where substantial acquisition-related debt is held. Nevertheless, Standard & Poor's views 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 excellent business position is supported by the company's business plan that 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. These strengths are tempered somewhat by NIPSCO's high electric rates, heavy dependence on the industrial sector, and the pursuit of a more aggressive financial policy.

As part of its review, Standard & Poor's changed its business risk profile on NiSource to excellent from strong, based on our expectations that the regulatory environment will likely improve in the near term as regulators contemplate more supportive rate design mechanisms. Rate design mechanisms that include "decoupling" reduce revenue sensitivity to fluctuations in weather and customer conservation efforts. Furthermore, our business risk profile revision reflects our opinion that the Sugar Creek and Whiting power plants will likely be included in NIPSCO's rate base, which will increase regulated revenues and substantially improve electric reliability in northern Indiana.

Although cash flows are expected to remain stable we anticipate the company's financial profile to deteriorate over the next few years. We

characterize the company's financial risk profile as aggressive due to its high debt leverage, weak cash flow metrics, and pursuit of an MLP strategy, which will reduce consolidated cash flow from stable but strategic assets.

NiSource had been improving its balance sheet after the debt-financed acquisitions of Bay State and Columbia, in 1999 and 2000, respectively. In November 2007, NiSource initiated a more aggressive growth plan, which includes capital spending of more than \$1 billion a year, which is above its near-term cash flow generating capability. This means that debt leverage is likely to increase from its already weak levels to about 65%. For the next several years, we also expect funds from operations (FFO) to total debt to remain weak, at around 11%-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 a power plant, and the regulatory lag in implementing a series of rate cases that will be filed in the next few months. Rapidly growing operating costs, especially at its gas distribution units, have hurt financial measures. Since debt will increase immediately and incremental cash flow growth will take some time, an already weak financial position will be stretched even further in the near term.

Liquidity

NiSource's liquidity in addition to its access to the debt and equity markets should be adequate to meet its ongoing operating and capital requirements. On Nov. 2, 2007, NiSource announced plans to boost capital spending to levels that will be above cash flows. For the past several years, NiSource had been reducing debt levels associated with the acquisitions of Bay State and Columbia with its operating cash flow. In addition to annual capital spending of at least \$1 billion, other uses of cash flow include dividends of about \$250 million. Given these spending levels and cash from operations of about \$1 billion, we expect NiSource to have a negative free cash flow of \$200 million to \$300 million per year from 2009 and beyond. With the debt-financed purchase of Sugar Creek, free cash flow deficit in 2008 could be near \$700 million in 2008.

NiSource Finance has a \$1.5 billion five-year revolving credit facility that terminates in July 2011. As of Sept. 30, 2007, the company had \$17 million in unrestricted cash and about \$800 million available under NiSource Finance's \$1.5 billion revolving credit facility, which matures in July 2011. Debt maturities of \$29 million are minimal in 2008. However, maturities of \$461 million in 2009 and \$1 billion in 2010 substantially exceed cash flow estimates and will require refinancing.

Outlook

The stable outlook reflects our expectation of more supportive regulatory rate mechanisms related to weather-normalization and conservation, rate increases related to increased labor and other operating costs, and the addition of generation assets to NIPSCO's rate base, which should provide a more stable stream of cash flows. NiSource appears well positioned at the 'BBB-' rating level and is likely to remain investment grade for the foreseeable future. An outlook revision to negative could occur if the anticipated improvements in cash flow do not occur or the company's MLP plans become more aggressive than currently contemplated. An outlook revision to positive, which is not anticipated over the intermediate term, would require significantly deleveraging and considerably stronger cash flow metrics.

Outlook Ratings List

Downgraded; CreditWatch/Outlook Action

	To	From
NiSource Inc.		
NiSource Capital Markets Inc.		
Northern Indiana Public Service Co.		
NiSource Finance Corp.		
Bay State Gas Co.		
Corporate Credit Rating	BBB-/Stable/--	BBB/Watch Neg/--
Senior Unsecured		
Local Currency	BBB-	BBB/Watch Neg

PSC Case No. 2013-00167
AG Set 1 DR No. 115
Attachment E
Respondent: P. R. Moul
Page 3 of 3

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FII Fitch Downgrades NiSource & Subs' IDRs to 'BBB-'; Outlook Stable
Feb 4 2009 15:51:55

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

FII Fitch Downgrades NiSource & Subs' IDRs to 'BBB-'; Outlook Stable
Feb 4 2009 15:51:55

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

FII Fitch Downgrades NiSource & Subs' IDRs to 'BBB-'; Outlook Stable
Feb 4 2009 15:51:55

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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Corporate Credit and Bond Ratings
 NiSource Inc.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD 2013
Standards & Poors	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB- (3)	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-
Moody's	Baa2	Baa2	Baa3 (2)	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3	Baa3
Fitch	BBB+	BBB (1)	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB- (4)	BBB-	BBB-	BBB-	BBB-

- (1) Date of Rating Agency Report is December 6, 2001 (Attachment C).
- (2) Date of Rating Agency Report is February 1, 2002 (Attachment D).
- (3) Date of Rating Agency Report is December 18, 2007 (Attachment E).
- (4) Date of Rating Agency Report is February 4, 2009 (Attachment F).

Corporate Credit and Bond Ratings
 Columbia Energy Group

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	YTD 2013
Standards & Poors	BBB (1)	BBB	BBB	BBB	BBB	BBB	(A)							
Moody's	A3	A3	Baa2 (4)	Baa2	Baa2	Baa2	(A)							
Fitch	A- (2)	BBB+ (3)	BBB+	BBB+	BBB+	BBB+	(A)							

(A) Rating withdrawn after December 2005.

- (1) Date of Rating Agency Report is October 24, 2000 (Attachment B).
- (2) Date of Rating Agency Report is October 27, 2000 (Attachment A).
- (3) Date of Rating Agency Report is December 6, 2001(Attachment C).
- (4) Date of Rating Agency Report is February 1, 2002 (Attachment D).

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

116. Please provide the breakdown in the expected return on pension plan assets. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc) used in determining the expected return on plan assets. Please provide all associated source documents and work papers.

Response:

NiSource utilizes a building block approach with proper consideration of diversification and rebalancing in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are analyzed to ensure that they are consistent with the widely accepted capital market principle that assets with higher volatility generate greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital

market assumptions are determined. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

Forward Looking Return Estimates by Asset Class

The table below contains the forward looking estimated long-term returns of various asset classes as of December 31, 2012, as provided by investment consultant, LCG Associates. The asset classes used in this analysis mirror those actually utilized in the Company's master trust. The table also contains the calculation of a forward looking weighted-average return for the pension fund, using target investment allocations for these asset classes:

	LCG Assoc. Expected	Portfolio Weight	LCG Assoc. Expected Weighted Annual Return
Asset Class	Annual Return		
US Equities LC-Growth (R1000-Growth)	9.50%	9.00%	0.86%
US Equities LC-Value (R1000-Value)	10.00%	11.00%	1.10%
US Equities SC-Value (R2000-Value)	11.00%	7.00%	0.77%
US Equities SC-Growth (R2000-Growth)	10.50%	8.00%	0.84%
Non-US Equities (MSCI EAFE US Dollars)	9.50%	15.00%	1.43%
MSCI Emerging Mkts. w/back fill (US \$)	11.50%	5.00%	0.58%
US Fixed Income (BC Agg) w/back fill	4.50%	13.50%	0.61%
US Fixed Income (BC Long Gov-Credit)	5.50%	11.50%	0.63%
Non-US Fixed Income (Citigroup Non-US)	5.00%	5.00%	0.25%
Hedge Fund of Funds	7.50%	5.00%	0.38%
Private Equity	13.50%	10.00%	1.35%
Total Portfolio		100.00%	8.78%

The weighted average forward-looking annual return was 8.78% at 12/31/2012 (as calculated in the table above), 9.19% at 12/31/2011, and 9.52% at 12/31/2010. The expected return on plan assets of 8.75% at 12/31/2010 was lowered to 8.30% at 12/31/2011. Even though the current forward-looking

estimate is higher than the 8.30% assumed rate of return, at 12/31/2012 the assumed rate of return was maintained at 8.30% due to the general downward trend of asset class returns.

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

117. For the past five years, please provide the dates and amount of:

- a. cash dividend payments made by Columbia to Columbia Energy Group and/or NiSource; and
- b. cash equity infusions made by NiSource and/or Columbia Energy Group into Columbia.

Response: (a) Columbia has paid the following dividends in the last 5 years:

Date	Amount
November 30, 2009	15,000,000.00
March 19, 2010	2,000,000.00
June 28, 2010	3,000,000.00
September 28, 2010	3,000,000.00
December 17, 2010	2,000,000.00
March 29, 2011	2,000,000.00
June 28, 2011	2,000,000.00
September 28, 2011	3,000,000.00
December 21, 2011	3,000,000.00
March 28, 2012	2,000,000.00
June 25, 2012	1,000,000.00
September 25, 2012	2,000,000.00
December 21, 2012	2,000,000.00
March 28, 2013	1,000,000.00

b. There have been no cash equity infusions made by NiSource and /or Columbia Energy Group into Columbia Gas of Kentucky in the past five years.

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

118. Please provide Columbia's authorized and earned return on common equity over the past ten years. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity. Please provide copies of all associated work papers and source documents. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulae intact.

Response:

The information requested is on a separate CD provided in conjunction with these responses. Please see the file named PSC Case No. 2013-00167_AG Set 1 DR No. 118 Attachment A for Columbia Gas of Kentucky, Inc.'s authorized and earned return on common equity over the past ten years. The file named PSC Case No. 2013-00167_AG Set 1 DR No. 118 Attachment B is the workpaper showing the earned return on common equity calculations.

Earned Return on Common Equity
2003-2012

	Earned Return on Equity	Allowed Return on Equity
2012	7.17%	10.50%
2011	10.27%	10.50%
2010	9.31%	10.50%
2009	6.41%	10.50%
2008	7.48%	10.50%
2007	4.73%	10.50%
2006	3.94%	*
2005	4.64%	*
2004	6.51%	*
2003	12.00%	*

*Case 2002-00145 was settled and no returns were stated.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Income	13,138,731	9,352,205	8,575,433	9,397,689	9,637,274	11,945,201	10,185,078	12,362,435	13,864,616	11,864,355
Rate Base	123,334,722	127,364,122	151,959,910	171,077,475	166,946,645	179,942,127	166,079,845	165,125,023	173,016,065	184,812,848
Return on Rate Base	10.65%	7.34%	5.64%	5.49%	5.77%	6.64%	6.13%	7.49%	8.01%	6.42%
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
ST weighted cost rate	0.00%	0.00%	0.00%	0.00%	0.61%	0.18%	0.18%	0.18%	0.18%	0.18%
LT weighted cost rate (1)	3.12%	3.12%	3.12%	3.12%	2.28%	2.45%	2.45%	2.45%	2.45%	2.45%
Equity Ratio (2)	62.80%	64.84%	54.37%	60.19%	61.00%	53.61%	54.67%	52.14%	52.40%	52.82%
Return on Equity	12.00%	6.51%	4.64%	3.94%	4.73%	7.48%	6.41%	9.31%	10.27%	7.17%

(1) LT weighted cost rate used in latest case
2003-2006 (Case No. 2002-00145), 2007 (Case No. 2007-00008) and 2009 (Case 2009-00141)
(2) Equity ratio per books at end of year

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

119. Please provide the revenue requirement impact of a 50-basis-point change in return on equity. Explain how the response was calculated.

Response:

A 50 basis point change in ROE impacts Columbia's revenue requirement by \$875,445. This is calculated by multiplying together the change in ROE, Columbia's equity capital weight, Columbia's rate base and gross conversion factor = (.5% x 52.23% x 203,298,499 x 1.64894).

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

120. Please provide the revenue requirement impact of a 100-basis-point change in return on equity. Explain how the response was calculated.

Response:

A 100 basis point change in ROE impacts Columbia's revenue requirement by \$1,750,891. This is calculated by multiplying together the change in ROE, Columbia's equity capital weight, Columbia's rate base and gross conversion factor = $(1.00\% \times 52.23\% \times 203,298,499 \times 1.64894)$.

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

121. Please provide the revenue requirement impact of a 200-basis-point change in return on equity. Explain how the response was calculated.

Response:

A 200 basis point change in ROE impacts Columbia's revenue requirement by \$3,501,782. This is calculated by multiplying together the change in ROE, Columbia's equity capital weight, Columbia's rate base and gross conversion factor = (2% x 52.23% x 203,298,499 x 1.64894).

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 122
Respondent: Herbert A Miller, Jr.

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

122. 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 rate application was discussed.

Response:

There are no such minutes.

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

123. Please provide the following:

- a. A schedule of revenues for each active rate schedule reflecting test-year revenues per book rates, revenues at present rates annualized, and revenues at proposed rates annualized.
- b. A schedule showing the amount and percent of any proposed increase or decrease in revenue distributed to each rate schedule. This schedule is to be accompanied by a statement that explains, in detail, the methodology or basis used to allocate the re-requested increase or decrease in revenue to each of the respective customer classes.
- c. A schedule showing how the increase or decrease in the item above was further distributed to each rate charge (i.e., customer or facility charge, Mcf charge, etc.). This schedule is to be accompanied by a statement that explains, in details, the methodology or basis used to allocate the increase or decrease.

d. A reconciliation of the Gas Cost Adjustment revenue and expenses for the test year.

Response:

- (a.) Please refer to Schedule M-2.2 for forecasted revenues at present rates annualized and Schedule M-2.3 for forecasted revenues at proposed rates annualized.
- (b.) Please refer to Schedule M-2.1 for the requested data and refer to pages 36-40 of Mr. Feingold's prepared direct testimony for a detailed explanation of the methodology used to allocate the requested change in revenue to each of Columbia's rate classes and rate schedules.
- (c.) Please refer to Attachment RAF-3 for the requested data and refer to pages 40-41 and pages 82-87 of Mr. Feingold's prepared direct testimony for a detailed explanation of the basis used to assign Columbia's proposed revenue changes by rate class and rate schedule to each of its rate charges.
- (d.) A Gas Cost Adjustment reconciliation is not applicable to a forecasted test year.

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

124. Please provide the following information, in comparative form, for the test year and the 12-month period immediately preceding the test year:

- a. A Kentucky jurisdictional operations income statement, a statement of changes in financial position, a statement of cash flows, a statement of changes in owner's equity, and a balance sheet.
- b. A total company income statement, a statement of charges in financial position, a statement of cash flows, a Statement of changes in owner's equity, and a balance sheet.

Response:

- a. Please see Columbia's Application Volume 1, Filing Requirement 12-h-1 through 12-h-3 for the requested information.
- b. Columbia's operations are 100% jurisdictional.

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

125. Please list each common general office account (asset, reserve, and expense accounts) covering the 12 months of the test year applicable to more than one jurisdiction or utility operation. If any amounts were allocated, show a calculation of the factor used to allocate each account.

Response:

Columbia does not have common general office accounts applicable to more than one jurisdiction or utility operation.

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

126. Please describe in detail how the base period capitalization rate was determined. If different rates were used for specific expenses (i.e., payroll, clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the capitalization rate and how the changes were determined.

Response:

Columbia did not use a capitalization rate during the base period. Costs are charged directly to expense or capital accounts as appropriate.

Additionally, employee benefits and payroll tax expenses can be classified to capital accounts by means of applying labor overheads to capital accounts to which labor is charged. Vehicle costs can also be classified to capital accounts using a similar methodology that follows labor.



The forecasted portion of the base period is based on capital and operating budgets that mainly focus on where the costs will ultimately reside, not the underlying accounting transactions that occur in actual months.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 127
Respondent: Chad E. Notestone

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

127. Please provide a statement of the gas plant in service, per company books,
by account for the test year.

Response:

Please see Schedule B-2.1 and supporting work paper WPB-2.1 for the gas plant
in service by account.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 128
Respondent: Chad E. Notestone

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

128. Please provide the studies for the test year, including all applicable workpapers, which are the basis of jurisdictional plant allocations and expense account allocations.

Response:

Not applicable. Columbia's costs are 100% jurisdictional.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 129
Respondents: Chad E. Notestone, S. Mark Katko, and Paul R. Moul

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

129. Please provide any information, when known, that would have a material effect on net operating income, rate base, or cost of capital that have occurred after the test year but were not incorporated in the filed testimony and exhibits.

Response:

Columbia considers any information affecting its net operating income, rate base or cost of capital in amounts over \$100,000 to be material.

Columbia entered into a new flex agreement with a customer effective May 2013. Changes to the agreement were not incorporated into Columbia's filed Application. Therefore, Columbia's forecasted test year revenue requirement is \$191,227 lower based on the terms of the new agreement.

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

130. Please provide the average number of customers for each customer class (i.e., residential, commercial, and industrial) for the three calendar years preceding the test year, the test year, and for each month of the test year.

Response:

Please see the table below for the average number of customers.

<u>Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>TME</u> <u>12/31/2014</u>
Residential	120,629	120,098	119,547	117,976
Commercial	14,011	13,941	13,861	13,626
Industrial	111	113	113	114
Public Utility	2	2	2	2

The table below shows the number of customers for the twelve months ending December 31, 2014.

<u>Month</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Public Utility</u>
January	119,976	13,834	116	2
February	120,168	13,863	116	2
March	119,927	13,850	114	2
April	119,130	13,749	114	2
May	118,139	13,653	114	2
June	117,192	13,562	112	2
July	116,402	13,478	113	2
August	116,077	13,442	114	2

September	115,977	13,390	114	2
October	116,385	13,427	114	2
November	117,621	13,561	114	2
December	118,720	13,692	115	2

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 131
Respondent: Herbert A Miller, Jr.

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

131. Please describe the status of any outstanding recommendations contained in Columbia's management audits. Identify any savings or costs related to management audit recommendations, the impact of which is not already reflected in the test year of this case.

Response:

Columbia is not aware of any such outstanding recommendations. This Respondent was not employed by Columbia at the time of the last such audit, but believes it reasonable to conclude that the impact of any recommendations has already been included.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 132
Respondent: S. Mark Katko

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

132. In the same format and detail as shown on Schedule C-2.1, column (1) ["unadjusted total utility"], please provide schedules showing a side-by-side comparison of the actual "Operating Revenues and Expenses by Accounts" for calendar years 2009, 2010, 2011, 2012.

Response:

Please refer to Attachment A of this response.

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
OPERATING REVENUE AND EXPENSES BY ACCOUNTS - JURISDICTION
FOR THE FOUR MOST RECENT CALENDAR YEARS

LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	2009 (1) \$	2010 (2) \$	2011 (3) \$	2012 (4) \$
1		<u>OPERATING REVENUE</u>				
2		<u>SALES OF GAS</u>				
3	480	RESIDENTIAL	89,591,577	64,483,915	69,481,707	54,689,609
4	481.1	COMMERCIAL	47,920,184	30,869,312	30,642,988	21,673,684
5	481.2	INDUSTRIAL	1,482,106	1,034,134	1,386,480	1,316,437
6	481.9	OTHER	0	0	0	0
7		TOTAL SALES OF GAS	138,993,867	96,387,361	101,511,175	77,679,730
8		<u>OTHER OPERATING INCOME</u>				
9	483	SALES FOR RESALE	205,268	106,089	128,094	72,753
10	487	FORFEITED DISCOUNTS	209,255	493,928	572,294	406,197
11	488	MISC. SERVICE REVENUES	133,474	139,469	131,252	149,536
12	489	TRANSPORTATION OF GAS OF OTHERS	19,093,556	18,631,996	19,652,794	19,408,997
13	493 - 495	OTHER GAS REVENUES (MISC./OFF SYSTEM SALES)	(2,308,681)	21,030,291	23,318,524	3,368,237
14		TOTAL OTHER OPERATING INCOME	17,332,872	40,401,773	43,802,958	23,405,720
15		TOTAL OPERATING REVENUE	156,326,739	136,789,134	145,314,133	101,085,450
16		<u>OPERATING EXPENSES</u>				
17		<u>LIQUEFIED PETROLEUM GAS PRODUCTION EXPENSE</u>				
18	717	LIQUEFIED PETROLEUM GAS EXPENSE	1,127	1,529	1,660	1,590
19	723	FUEL FOR LIQUEFIED PETROLEUM GAS PROCESS	0	0	0	0
20	728	LIQUEFIED PETROLEUM GAS	0	0	0	0
21	741	STRUCTURES & IMPROVEMENTS	0	0	0	0
22	742	PRODUCTION EQUIPMENT	0	71	0	0
23		TOTAL LIQUEFIED PETROLEUM GAS PROD. EXPENSE	1,127	1,600	1,660	1,590
24		<u>OPERATION AND MAINTENANCE EXPENSE ACCOUNTS</u>				
25		<u>OTHER GAS SUPPLY EXPENSES - OPERATION</u>				
26	801-803	NATURAL GAS FIELD & TRANSMISSION LINE PURCH	50,758,577	82,332,325	88,741,717	43,257,742
27	804	NATURAL GAS CITY GATE PURCHASES	2,073,128	1,665,682	1,436,498	669,542
28	805	OTHER GAS PURCHASES	27,547,097	(14,424,246)	2,852,961	1,536,270
29	806	EXCHANGE GAS	7,822,628	2,954,482	747,456	(6,129,739)
30	807	PURCHASED GAS EXPENSE	512,609	450,395	437,621	433,465
31	808	GAS WITHDRAWN FROM STORAGE	14,493,570	6,736,905	(7,883,647)	3,702,894
32	812	GAS USED FOR OTHER UTILITY OPERATIONS	(93,547)	(99,795)	(78,097)	(57,771)
33	813	EXCHANGE FEES	0	27,598	0	16,204
34		TOTAL OTHER GAS SUPPLY EXPENSES - OPERATION	103,114,062	79,643,346	86,254,509	43,428,607
35		<u>DISTRIBUTION EXPENSES - OPERATION</u>				
36	870	SUPERVISION AND ENGINEERING	645,682	941,512	688,018	677,858
37	871	DISTRIBUTION LOAD DISPATCHING	28,470	31,187	13,269	14,568
38	874	MAINS AND SERVICES EXPENSES	2,095,499	2,613,867	2,741,803	2,773,513
39	875	MEASURING AND REGULATION STA. EXPENSE - GEN.	227,444	249,120	228,705	269,975
40	876	MEASURING AND REGULATION STA. EXPENSE - IND.	36,949	47,893	58,656	87,797
41	878	METERS AND HOUSE REGULATOR EXPENSE	1,564,353	1,608,320	1,519,001	1,512,433
42	879	CUSTOMER INSTALLATIONS EXPENSE	1,314,967	1,488,173	1,394,523	1,444,097
43	880	OTHER EXPENSE	1,456,019	1,350,065	1,317,120	1,059,086
44	881	TELECOMMUNICATION EXPENSE - ENGINEERING	75,517	80,367	80,430	81,901
45		TOTAL DISTRIBUTION EXPENSES - OPERATION	7,444,900	8,410,504	8,041,525	7,921,228
46		<u>DISTRIBUTION EXPENSES - MAINTENANCE</u>				
47	885	SUPERVISION AND ENGINEERING	64,538	16,026	14,287	13,737
48	886	STRUCTURES AND IMPROVEMENTS	117,773	142,392	151,676	211,725
49	887	MAINS	1,590,537	1,410,568	1,178,452	1,531,168
50	889	MEASURING AND REGULATION STA. EXPENSE - GEN.	125,937	155,155	181,098	283,500
51	890	MEASURING AND REGULATION STA. EXPENSE - IND.	151,532	72,749	68,844	101,405
52	892	SERVICES	490,943	453,343	427,858	231,514
53	893	METERS AND HOUSE REGULATORS	176,786	234,182	209,316	239,164
54	894	OTHER EQUIPMENT	208,945	208,163	262,404	336,988
55		TOTAL DISTRIBUTION EXPENSES - MAINTENANCE	2,926,991	2,692,578	2,493,935	2,949,201

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
OPERATING REVENUE AND EXPENSES BY ACCOUNTS - JURISDICTION
FOR THE FOUR MOST RECENT CALENDAR YEARS

LINE ACCOUNT NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	2009 (1)	2010 (2)	2011 (3)	2012 (4)
1		<u>CUSTOMER ACCOUNTS EXPENSES - OPERATION</u>				
2	901	SUPERVISION	6,485	6,637	6,374	6,975
3	902	METER READING EXPENSES	1,284,811	1,476,636	1,494,021	1,473,257
4	903	CUSTOMER RECORDS & COLLECTIONS - UTIL. SERV	2,609,677	2,940,775	3,179,745	3,122,230
5	904	UNCOLLECTIBLE ACCOUNTS	1,991,631	1,230,283	594,185	534,473
6	905	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSES	1,361	995	1,524	1,695
7	921	OFFICE SUPPLIES AND EXPENSES	273	272	3,532	287
8	935	MAINTENANCE OF GENERAL PLANT	0	0	0	0
9		TOTAL CUSTOMER ACCOUNTS EXPENSE	5,894,238	5,655,598	5,279,381	5,138,917
10		<u>CUSTOMER SERVICE & INFORMATION - OPERATION</u>				
11	907	SUPERVISION	47,991	38,314	40,066	41,062
12	908	CUSTOMER ASSISTANCE EXPENSES	41,086	292,401	996,356	1,155,118
13	909	INFORMATIONAL AND INSTR. ADVERT. EXPENSES	44,934	57,810	44,737	48,748
14	910	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSE	521,041	525,080	450,181	357,953
15	921	OFFICE SUPPLIES AND EXPENSES	3,744	3,711	2,358	2,047
16	935	MAINTENANCE OF GENERAL PLANT	0	0	0	0
17		TOTAL CUST. ACCOUNTS EXPENSES - OPERATION	658,796	917,316	1,533,698	1,604,928
18		<u>SALES EXPENSES</u>				
19	911	SUPERVISION	0	0	0	0
20	912	DEMONSTRATING AND SELLING EXPENSES	48,315	30,710	10,539	33,385
21	913	ADVERTISING EXPENSE	905	729	85,123	38,659
22	916	MISCELLANEOUS SALES EXPENSE	0	0	0	0
23		TOTAL SALES EXPENSES	49,220	31,439	95,662	72,044
24		<u>ADMINISTRATIVE AND GENERAL EXPENSES - OPERATION</u>				
25	920	ADMINISTRATIVE AND GENERAL SALARIES	989,319	1,162,483	1,100,057	1,107,536
26	921	OFFICE SUPPLIES AND EXPENSES	426,957	280,228	353,514	480,292
27	923	OUTSIDE SERVICES EMPLOYED	8,072,461	8,059,703	8,765,353	9,341,809
28	924	PROPERTY INSURANCE PREMIUMS	99,876	94,186	82,880	83,150
29	925	INJURIES AND DAMAGES	879,495	936,298	940,914	804,311
30	926	EMPLOYEE PENSIONS AND BENEFITS	3,114,460	2,722,523	1,914,522	2,557,757
31	927	UTILITY AND FUEL	0	0	0	0
32	928	REGULATORY COMMISSION EXPENSE	373,344	405,464	299,674	269,664
33	929	DUPLICATE CHARGES	0	0	0	22,794
34	930	GENERAL MISCELLANEOUS GENERAL	42,772	41,970	13,466	10,750
35	931	RENTS	5,812	7,045	12,871	0
36		TOTAL ADMIN. AND GENERAL EXP. - OPERATION	14,004,496	13,709,900	13,483,251	14,678,063
37		<u>ADMINISTRATIVE AND GENERAL EXPENSES - MAINTENANCE</u>				
38	935	MAINTENANCE OF GENERAL PLANT	225	225	0	545
39		TOTAL ADMIN. AND GEN. EXP. - MAINTENANCE	225	225	0	545
40		TOTAL OPERATION AND MAINT. EXP. ACCOUNTS	134,094,055	111,062,506	117,183,621	75,795,123
41	403-404	DEPRECIATION AND AMORTIZATION	5,793,138	5,943,474	6,182,943	6,676,553
42	408	TAXES OTHER THAN INCOME TAXES	2,559,094	2,573,476	2,770,426	2,913,004
43	409 - 411	FEDERAL INCOME TAXES	4,173,919	5,387,986	5,596,646	4,343,379
44	409 - 411	STATE INCOME TAXES	829,826	949,794	957,185	624,350
45		TOTAL OPERATING EXPENSES	147,450,032	125,917,236	132,690,821	90,352,409
46		NET OPERATING INCOME	8,876,707	10,871,898	12,623,312	10,733,041

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 133
Respondent: S. Mark Katko

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

133. Please provide Columbia's balance sheets for each of the months of 2013 through April and continue to provide these monthly reports as more actual data becomes available.

Response:

Please refer to Attachment A of this response.

DATE: 02/12/13 10:04:31

COLUMBIA GAS OF KENTUCKY, INC.
BALANCE SHEET AS OF JANUARY 31, 2013

PSC Case No. 2013-00167
AG Set 1 DR No. 133
Attachment A
Respondent: S. Mark Katko
Page 1 of 6

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	321,602,565	417,013	16,390,714	417,013
ACCUMULATED DEPRECIATION AND DEPLETION	131,441,755	384,387	3,219,729	384,387
NET PROPERTY, PLANT AND EQUIPMENT	190,160,810	32,626	13,170,985	32,626
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	5,452,848	1,712,409	2,193,767	1,712,409
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	19,237,029	7,051	(2,743,341)	7,051
FROM ASSOCIATED COMPANIES	34,391,470	7,507,012	(3,597,758)	7,507,012
OTHER	7,722,394	4,468,740	5,868,005	4,468,740
GAS INVENTORY	20,162,024	(23,951,569)	(15,129,032)	(23,951,569)
OTHER INVENTORIES	74,558	3,210	1,116	3,210
PREPAYMENTS	446,035	(84,429)	(3,043)	(84,429)
REGULATORY ASSETS CURRENT	1,773,260	(186,279)	(1,172,096)	(186,279)
OTHER CURRENT ASSETS	14,188,760	11,624,576	7,683,463	11,624,576
TOTAL CURRENT ASSETS	103,448,378	1,100,721	(6,898,919)	1,100,721
INVESTMENT IN SUBSIDIARY	436,608	3,664	28,057	3,664
REGULATORY ASSETS LONG TERM	15,207,528	(351,379)	724,369	(351,379)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	5,247,541	3,488,811	5,804,527	3,488,811
TOTAL ASSETS	314,500,865	4,274,443	12,829,019	4,274,443
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722			
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	65,365,144	2,896,803	2,159,608	2,896,803
TOTAL COMMON STOCK EQUITY	94,754,070	2,896,803	2,159,608	2,896,803
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,011	19,999,999	6,000,000	19,999,999
TOTAL CAPITALIZATION	168,089,081	22,896,802	8,159,608	22,896,802
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	9,074,398	1,151,134	(572,748)	1,151,134
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	18,051,717	(14,718,888)	(1,458,347)	(14,718,888)
ACCRUED TAXES	8,305,626	332,279	4,236,295	332,279
ACCRUED INTEREST	83,416	155	52,549	155
ESTIMATED RATE REFUNDS	302,762	(61,683)	46,637	(61,683)
DEFERRED INCOME TAXES	423,491	271,293	602,550	271,293
OTHER CURRENT LIABILITIES	35,061,562	(5,673,661)	(8,759,100)	(5,673,661)
TOTAL CURRENT LIABILITIES	71,302,972	(18,699,371)	(5,852,164)	(18,699,371)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	54,902,844	409,291	7,305,710	409,291
INVESTMENT TAX CREDITS	426,436	(6,677)	(80,161)	(6,677)
OTHER REGULATORY LIABILITIES LONG TERM	1,978,206	(11,828)	(163,720)	(11,828)
OTHER LIABILITIES & DEFERRED CREDITS	17,801,326	(313,774)	3,459,746	(313,774)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	75,108,812	77,012	10,521,575	77,012
TOTAL CAPITALIZATION AND LIABILITIES	314,500,865	4,274,443	12,829,019	4,274,443

REPORT ID: BAL FORMAT ID: BAL

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DATE: 03/14/13 09:19:55

COLUMBIA GAS OF KENTUCKY, INC.
BALANCE SHEET AS OF FEBRUARY 28, 2013

PSC Case No. 2013-00167
AG Set 1 DR No. 133
Attachment A
Respondent: S. Mark Katko
Page 2 of 6

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	322,078,403	475,838	14,825,832	892,851
ACCUMULATED DEPRECIATION AND DEPLETION	131,146,374	(295,381)	2,659,963	89,006
NET PROPERTY, PLANT AND EQUIPMENT	190,932,029	771,219	12,165,869	803,845
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	11,753,575	6,300,727	8,606,375	8,013,136
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	17,140,205	(2,096,824)	(1,989,731)	(2,089,773)
FROM ASSOCIATED COMPANIES	35,176,883	785,413	(7,682,522)	8,292,425
OTHER	8,390,879	668,485	7,300,248	5,137,225
GAS INVENTORY	6,494,314	(13,667,710)	(6,385,669)	(37,619,279)
OTHER INVENTORIES	74,254	(304)	1,318	2,906
PREPAYMENTS	522,473	76,438	157,950	(7,991)
REGULATORY ASSETS CURRENT	1,473,401	(299,859)	(960,453)	(486,138)
OTHER CURRENT ASSETS	19,804,106	5,615,346	(1,789,354)	17,239,922
TOTAL CURRENT ASSETS	100,830,090	(2,618,288)	(2,741,838)	(1,517,567)
INVESTMENT IN SUBSIDIARY	440,204	3,596	28,767	7,260
REGULATORY ASSETS LONG TERM	14,893,688	(313,840)	942,734	(665,219)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	6,137,831	890,290	9,330,281	4,379,101
TOTAL ASSETS	313,233,842	(1,267,023)	19,725,813	3,007,420
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722			
OTHER COMPREHENSIVE INCOME	2			
RETAINED EARNINGS	67,542,194	2,177,050	1,882,524	5,073,853
TOTAL COMMON STOCK EQUITY	96,931,120	2,177,050	1,882,524	5,073,853
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,010	(1)	5,999,999	19,999,998
TOTAL CAPITALIZATION	170,266,130	2,177,049	7,882,523	25,073,851
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	11,309,237	2,234,839	4,185,124	3,385,973
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	18,750,466	698,749	372,178	(14,020,139)
ACCRUED TAXES	9,165,409	859,783	4,291,366	1,192,062
ACCRUED INTEREST	84,291	875	44,323	1,030
ESTIMATED RATE REFUNDS	241,399	(61,363)	10,632	(123,046)
DEFERRED INCOME TAXES	468,981	45,490	642,604	316,783
OTHER CURRENT LIABILITIES	27,733,571	(7,327,991)	(8,254,973)	(13,001,652)
TOTAL CURRENT LIABILITIES	67,753,354	(3,549,618)	1,291,254	(22,248,989)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	55,304,506	401,662	7,301,642	810,953
INVESTMENT TAX CREDITS	419,759	(6,677)	(80,157)	(13,354)
OTHER REGULATORY LIABILITIES LONG TERM	1,974,007	(4,199)	(171,668)	(16,027)
OTHER LIABILITIES & DEFERRED CREDITS	17,516,086	(285,240)	3,502,219	(599,014)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	75,214,358	105,546	10,552,036	182,558
TOTAL CAPITALIZATION AND LIABILITIES	313,233,842	(1,267,023)	19,725,813	3,007,420

REPORT ID: BAL FORMAT ID: BAL

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DATE: 04/10/13 14:00:01

COLUMBIA GAS OF KENTUCKY, INC.
BALANCE SHEET AS OF MARCH 31, 2013

PSC Case No. 2013-00167
AG Set 1 DR No. 133
Attachment A
Respondent: S. Mark Katko
Page 3 of 6

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	323,954,692	1,876,289	15,543,243	2,769,140
ACCUMULATED DEPRECIATION AND DEPLETION	131,519,969	373,595	2,709,460	462,601
NET PROPERTY, PLANT AND EQUIPMENT	192,434,723	1,502,694	12,833,783	2,306,539
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,771,829	(7,981,746)	(160,577)	31,390
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	14,731,311	(2,408,894)	1,349,135	(4,498,667)
FROM ASSOCIATED COMPANIES	43,560,851	8,383,968	(4,458,179)	16,676,393
OTHER	8,769,859	378,980	8,471,800	5,516,205
GAS INVENTORY	1,445,076	(5,049,238)	(6,508,549)	(42,668,517)
OTHER INVENTORIES	74,723	469	1,499	3,375
PREPAYMENTS	421,958	(100,515)	141,990	(108,506)
REGULATORY ASSETS CURRENT	1,201,791	(271,610)	(1,767,799)	(757,748)
OTHER CURRENT ASSETS	17,309,249	(2,494,857)	(6,223,975)	14,745,065
TOTAL CURRENT ASSETS	91,286,647	(9,543,443)	(9,154,655)	(11,061,010)
INVESTMENT IN SUBSIDIARY	452,955	12,751	38,310	20,011
REGULATORY ASSETS LONG TERM	12,934,234	(1,959,454)	(648,765)	(2,624,673)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	7,619,110	1,481,279	11,342,108	5,860,380
TOTAL ASSETS	304,727,669	(8,506,173)	14,410,781	(5,498,753)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722			
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	67,161,699	(380,495)	2,317,271	4,693,358
TOTAL COMMON STOCK EQUITY	96,550,625	(380,495)	2,317,271	4,693,358
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,010		5,999,999	19,999,998
TOTAL CAPITALIZATION	169,885,635	(380,495)	8,317,270	24,693,356
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	9,017,252	(2,291,985)	4,749,279	1,093,988
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	19,150,194	399,728	(591,205)	(13,620,411)
ACCRUED TAXES	7,590,373	(1,575,036)	2,617,743	(382,974)
ACCRUED INTEREST	(2,281)	(86,572)	(50,454)	(85,542)
ESTIMATED RATE REFUNDS	169,074	(72,325)	(40,276)	(195,371)
DEFERRED INCOME TAXES	496,305	27,324	669,928	344,107
OTHER CURRENT LIABILITIES	22,896,340	(4,837,231)	(11,764,996)	(17,838,883)
TOTAL CURRENT LIABILITIES	59,317,257	(8,436,097)	(4,409,981)	(30,685,086)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	56,212,837	908,331	7,832,159	1,719,284
INVESTMENT TAX CREDITS	413,082	(6,677)	(80,153)	(20,031)
OTHER REGULATORY LIABILITIES LONG TERM	1,991,548	17,541	(156,538)	1,514
OTHER LIABILITIES & DEFERRED CREDITS	16,907,310	(608,776)	2,908,024	(1,207,790)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	75,524,777	310,419	10,503,492	492,977
TOTAL CAPITALIZATION AND LIABILITIES	304,727,669	(8,506,173)	14,410,781	(5,498,753)

REPORT ID: BAL FORMAT ID: BAL

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DATE: 05/13/13 09:25:19

COLUMBIA GAS OF KENTUCKY, INC.
BALANCE SHEET AS OF APRIL 30, 2013

PSC Case No. 2013-00167
AG Set 1 DR No. 133
Attachment A
Respondent: S. Mark Katko
Page 4 of 6

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	325,539,943	1,585,251	15,440,920	4,354,391
ACCUMULATED DEPRECIATION AND DEPLETION	131,844,160	324,191	2,785,395	786,792
NET PROPERTY, PLANT AND EQUIPMENT	193,695,783	1,261,060	12,655,525	3,567,599
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	10,522,747	6,750,918	6,985,935	6,782,308
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	9,839,508	(4,891,803)	(942,069)	(9,390,470)
FROM ASSOCIATED COMPANIES	42,949,629	(611,222)	(5,743,130)	16,065,171
OTHER	6,484,820	(2,285,039)	6,319,948	3,231,166
GAS INVENTORY	2,722,704	1,277,628	(11,286,238)	(41,390,889)
OTHER INVENTORIES	74,527	(196)	(1,750)	3,179
PREPAYMENTS	457,819	35,861	169,896	(72,645)
REGULATORY ASSETS CURRENT	832,863	(368,928)	(2,128,098)	(1,126,676)
OTHER CURRENT ASSETS	16,802,415	(506,834)	(5,185,605)	14,238,231
TOTAL CURRENT ASSETS	90,687,032	(599,615)	(11,811,111)	(11,660,625)
INVESTMENT IN SUBSIDIARY	451,300	(1,655)	32,244	18,356
REGULATORY ASSETS LONG TERM	12,896,712	(37,522)	(630,783)	(2,662,195)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	12,347,217	4,728,107	21,585,321	10,588,487
TOTAL ASSETS	310,078,044	5,350,375	21,831,196	(148,378)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722			
OTHER COMPREHENSIVE INCOME- RETAINED EARNINGS	68,060,526	898,827	3,195,406	5,592,185
TOTAL COMMON STOCK EQUITY	97,449,452	898,827	3,195,406	5,592,185
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,010		5,999,999	19,999,998
TOTAL CAPITALIZATION	170,784,462	898,827	9,195,405	25,592,183
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	11,219,897	2,202,645	7,166,767	3,296,633
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	19,124,442	(25,752)	(794,608)	(13,646,163)
ACCRUED TAXES	9,294,730	1,704,357	5,167,659	1,321,383
ACCRUED INTEREST	18,142	20,423	(36,141)	(65,119)
ESTIMATED RATE REFUNDS	114,243	(54,831)	(366,532)	(250,202)
DEFERRED INCOME TAXES	806,350	310,045	979,973	654,152
OTHER CURRENT LIABILITIES	22,881,138	(15,202)	(9,968,797)	(17,854,085)
TOTAL CURRENT LIABILITIES	63,458,942	4,141,685	2,148,321	(26,543,401)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	56,671,811	458,974	8,025,630	2,178,258
INVESTMENT TAX CREDITS	406,406	(6,676)	(80,149)	(26,707)
OTHER REGULATORY LIABILITIES LONG TERM	2,046,174	54,626	(92,158)	56,140
OTHER LIABILITIES & DEFERRED CREDITS	16,710,249	(197,061)	2,634,147	(1,404,851)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	75,834,640	309,863	10,487,470	802,840
TOTAL CAPITALIZATION AND LIABILITIES	310,078,044	5,350,375	21,831,196	(148,378)

REPORT ID: BAL FORMAT ID: BAL

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DATE: 06/12/13 09:48:27

COLUMBIA GAS OF KENTUCKY, INC.
BALANCE SHEET AS OF MAY 31, 2013

PSC Case No. 2013-00167
AG Set 1 DR No. 133
Attachment A
Respondent: S. Mark Katko
Page 5 of 6

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	327,111,057	1,571,114	15,622,593	5,925,505
ACCUMULATED DEPRECIATION AND DEPLETION	132,150,315	306,155	2,855,989	1,092,947
NET PROPERTY, PLANT AND EQUIPMENT	194,960,742	1,264,959	12,766,604	4,832,558
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,855,116	(7,667,631)	(484,673)	(885,323)
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	7,250,956	(2,588,552)	(464,957)	(11,979,022)
FROM ASSOCIATED COMPANIES	47,962,366	5,012,737	285,603	21,077,908
OTHER	2,622,891	(3,861,929)	1,839,721	(630,763)
GAS INVENTORY	7,955,442	5,232,738	(13,775,120)	(36,158,151)
OTHER INVENTORIES	76,031	1,504	(574)	4,683
PREPAYMENTS	549,538	91,719	185,486	19,074
REGULATORY ASSETS CURRENT	1,313,287	480,424	(1,638,202)	(646,252)
OTHER CURRENT ASSETS	20,061,112	3,258,697	3,660,142	17,496,928
TOTAL CURRENT ASSETS	90,646,739	(40,293)	(10,392,574)	(11,700,918)
INVESTMENT IN SUBSIDIARY	454,833	3,533	31,938	21,889
REGULATORY ASSETS LONG TERM	12,758,551	(138,161)	(680,689)	(2,800,356)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	13,713,373	1,366,156	24,536,542	11,954,643
TOTAL ASSETS	312,534,238	2,456,194	26,261,821	2,307,816
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722			
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	68,041,480	(19,046)	3,271,605	5,573,139
TOTAL COMMON STOCK EQUITY	97,430,406	(19,046)	3,271,605	5,573,139
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,010		5,999,999	19,999,998
TOTAL CAPITALIZATION	170,765,416	(19,046)	9,271,604	25,573,137
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	14,513,613	3,293,716	11,324,459	6,590,349
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	19,655,417	530,975	(391,053)	(13,115,188)
ACCRUED TAXES	8,586,193	(708,537)	4,494,464	612,846
ACCRUED INTEREST	1,961	(16,181)	(58,323)	(81,300)
ESTIMATED RATE REFUNDS	201,629	87,386	(272,992)	(162,816)
DEFERRED INCOME TAXES	1,195,298	388,948	1,368,921	1,043,100
OTHER CURRENT LIABILITIES	21,310,991	(1,570,147)	(10,258,739)	(19,424,232)
TOTAL CURRENT LIABILITIES	65,465,102	2,006,160	6,206,737	(24,537,241)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	57,130,787	458,976	8,286,599	2,637,234
INVESTMENT TAX CREDITS	399,730	(6,676)	(80,145)	(33,383)
OTHER REGULATORY LIABILITIES LONG TERM	1,965,981	(80,193)	(170,581)	(24,053)
OTHER LIABILITIES & DEFERRED CREDITS	16,807,222	96,973	2,747,607	(1,307,878)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	76,303,720	469,080	10,783,480	1,271,920
TOTAL CAPITALIZATION AND LIABILITIES	312,534,238	2,456,194	26,261,821	2,307,816

REPORT ID: BAL FORMAT ID: BAL

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COLUMBIA GAS OF KENTUCKY, INC.
BALANCE SHEET AS OF JUNE 30, 2013

PSC Case No. 2013-00167
AG Set 1 DR No. 133
Attachment A
Respondent: S. Mark Katko
Page 6 of 6

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	328,564,896	1,453,839	15,496,231	7,379,344
ACCUMULATED DEPRECIATION AND DEPLETION	132,511,703	361,388	2,932,632	1,454,335
NET PROPERTY, PLANT AND EQUIPMENT	196,053,193	1,092,451	12,563,599	5,925,009
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,378,882	(476,234)	(1,792,309)	(1,361,557)
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	7,059,428	(191,528)	39,634	(12,170,550)
FROM ASSOCIATED COMPANIES	35,450,538	(12,511,828)	(6,350,112)	8,566,080
OTHER	1,472,898	(1,149,993)	1,851,119	(1,780,756)
GAS INVENTORY	23,151,998	15,196,556	(8,039,641)	(20,961,595)
OTHER INVENTORIES	77,473	1,442	471	6,125
PREPAYMENTS	94,390	(455,148)	(4,505)	(436,074)
REGULATORY ASSETS CURRENT	1,957,201	643,914	(804,523)	(2,338)
OTHER CURRENT ASSETS	13,585,742	(6,475,370)	3,863,593	11,021,558
TOTAL CURRENT ASSETS	85,228,550	(5,418,189)	(11,236,273)	(17,119,107)
INVESTMENT IN SUBSIDIARY	457,999	3,166	31,630	25,055
REGULATORY ASSETS LONG TERM	12,088,017	(670,534)	(1,079,718)	(3,470,890)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	14,620,401	907,028	24,951,971	12,861,671
TOTAL ASSETS	308,448,160	(4,086,078)	25,231,209	(1,778,262)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,201	(1)	(1)	(1)
ADDITIONAL PAID IN CAPITAL	5,582,723	1	1	1
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	67,847,198	(194,282)	4,309,970	5,378,857
TOTAL COMMON STOCK EQUITY	97,236,124	(194,282)	4,309,970	5,378,857
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,010		5,999,999	19,999,998
TOTAL CAPITALIZATION	170,571,134	(194,282)	10,309,969	25,378,855
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	11,461,445	(3,052,168)	8,026,264	3,538,181
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	17,397,043	(2,258,374)	(661,817)	(15,373,562)
ACCRUED TAXES	8,040,913	(545,280)	4,342,078	67,566
ACCRUED INTEREST	2,173	212	(62,942)	(81,088)
ESTIMATED RATE REFUNDS	193,411	(8,218)	(273,684)	(171,034)
DEFERRED INCOME TAXES	1,341,424	146,126	1,515,047	1,189,226
OTHER CURRENT LIABILITIES	23,403,876	2,092,885	(8,906,885)	(17,331,347)
TOTAL CURRENT LIABILITIES	61,840,285	(3,624,817)	3,978,061	(28,162,058)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	57,459,246	328,459	8,731,366	2,965,693
INVESTMENT TAX CREDITS	393,054	(6,676)	(80,141)	(40,059)
OTHER REGULATORY LIABILITIES LONG TERM	1,941,942	(24,039)	(181,344)	(48,092)
OTHER LIABILITIES & DEFERRED CREDITS	16,242,499	(564,723)	2,473,298	(1,872,601)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	76,036,741	(266,979)	10,943,179	1,004,941
TOTAL CAPITALIZATION AND LIABILITIES	308,448,160	(4,086,078)	25,231,209	(1,778,262)

REPORT ID: BAL FORMAT ID: BAL

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KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 134
Respondent: Chad E. Notestone

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

134. Please provide the actual unit cost of gas Columbia has experienced for each month from January 2009 through April 2013.

Response:

Please see Columbia's response to AG's data request Set One No. 004 (b) for Columbia's historical gas cost recovery rates.

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

135. Please provide the actual uncollectible expenses booked in Account 904 for each of the years 2009 through the test year.

Response:

Please see the table below for actual uncollectible expenses for the years, 2009, 2010, 2011, 2012, June year-to-date 2013, and the forecasted test period (adjusted).

2009	\$1,991,628
2010	\$1,230,281
2011	\$594,182
2012	\$534,470
2013 YTD June	\$444,349
Test Period (Adjusted)	\$839,477

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

136. With regard to the CIP incentive Compensation program and the Profit Sharing program offered to the employees of Columbia, please provide the following information:

- a. Management summary of the CIP program and, separately, of the Profit Sharing program. These management summaries should include descriptions of the type and level and employees that may participate in these programs, as well as the type of performance goals that must be achieved in order to receive incentive compensation from the two programs.
- b. Copies of all internal Company documents describing the CIP program and the Profit Sharing program.
- c. Actual CIP incentive compensation expenses and, separately, Profit Sharing program expenses booked by the Company in each of the years 2008 through 2012, in the test year, and in the pro forma adjusted test year.

Response:

- a. Please refer to Attachment A hereto for the 2013 Corporate Incentive Plan which includes performance goals and a description of employees eligible for the plan. Please refer to Attachment B hereto for Sections 3.06 and 3.07 of the NiSource Retirement Savings Plan for a description of profit sharing. Employee classifications eligible for profit sharing are exempt, non-exempt non-union, and Columbia union.
- b. Please refer to the response to part (a).
- c. Please see the table below.

	CIP	Profit Sharing
2008	410,219	21,695
2009	412,977	31,097
2010	512,469	88,447
2011	492,692	91,943
2012	488,442	56,254
Base Period	493,567	57,508
Forecasted Test Period	377,580	58,044

**2013 CORPORATE INCENTIVE PLAN - FINAL
TERMS AND CONDITIONS FOR PARTICIPANTS
WHO ARE NOT COVERED OFFICERS**

*NiSource Inc.
2010 Omnibus Incentive Plan*

1. Background

Article XI of the NiSource Inc. 2010 Omnibus Incentive Plan (the "Plan,") provides that the Officer Nomination and Compensation Committee (the "Committee,") may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2013 and ends December 31, 2013, to the Participants who have not been designated as "Covered Officers" of the Corporation. Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Eligibility for Participation

All exempt and non-exempt employees of the Corporation and its affiliates who are active as of 12/31/2013, other than (i) "Covered Officers,," (ii) employees who have received a last chance letter, final notice letter or equivalent during the Plan year, and (iii) certain exempt employees who participate in other specialized functional incentive plans, are eligible to participate in the Cash-Based Awards Program (the "Program,") under the Plan; provided however, that the Committee may add additional employees and remove employees in its discretion ("Eligible Employees,."). The Committee or the Corporation's Chief Executive Officer may determine which Eligible Employees or groups of Eligible Employees shall actually participate in the Program. The Committee and the Chief Executive Officer generally shall make this determination each calendar year (a "Performance Year,."). Such officers and other Eligible Employees chosen to participate in the Program are "Participants,." Designation by the Committee or Chief Executive Officer as a Participant in one Performance Year shall not confer on such Participant the right to be a Participant in another Performance Year.

A Participant who terminates his or her employment with the Corporation after the end of the Performance Year, but before the distribution of the incentive payment will be entitled to receive any payment due under this Program. However, any Participant that is terminated "for Cause,," before the distribution of the incentive payment will not be entitled to receive any payment due under this Program. Notwithstanding the foregoing, any Participant who terminates employment with the Employer and their affiliates due to death, disability or retirement, pursuant to an Employer's qualified retirement plan, during a calendar year will be deemed a Participant on December 31 of such calendar year, and will receive an incentive payment for such year based on his or her Eligible Earnings through the date of termination of employment.

Notwithstanding the previous paragraphs, an employee described above shall be a "Limited Participant,," if he or she has received one or more suspensions without pay totaling five days or

more during the calendar year. Each Limited Participant will have his or her individual incentive opportunity reduced by at least 50%. Any Participant not covered under the preceding sentences is a "Full Participant.,,

3. Performance Targets and Cash-Based Award Payouts

A. Designation of Groups

For incentive purposes, Participants shall participate as a member of one of the following "Groups,,: (a) Gas Distribution Business Unit, (b) NIPSCO Business Unit, (c) CPG Business Unit, and (d) Corporate Support. Groups (a), (b), and (c) above may also be referred to as a "Business Unit.,,

B. Corporation's Financial Trigger

The Corporation's financial trigger is the Corporation's achievement of net operating earnings per share, after accounting for the cost of payments under the Program ("NOEPS,,"), of \$1.50 for the Performance Year. The Corporation shall have full discretion and authority to determine whether this trigger has been achieved and whether any adjustments need to be made in the calculation of NOEPS to reflect unusual or non-recurring events. If the Corporation's NOEPS for the Performance Year is less than \$1.50, no amount shall be payable under the Program for NOEPS and amounts payable for Business Unit performance shall be reduced by fifty percent (50%).

C. Group Financial Triggers

Corporate Support

For Participants in Corporate Support, the performance criterion will be NOEPS and Corporate Funds from Operations ("CFFO,,"). Part (D) identifies the tiers of NOEPS, CFFO and the corresponding payout percentage of Eligible Earnings that will be used to calculate the amount of the Incentive Pool for the Corporate Support Group. Fifty percent (50%) of a Participant's incentive opportunity will be based upon NOEPS and fifty percent (50%) will be based upon CFFO; provided, however, that the incentive payout percentage for Corporate Support will not exceed the highest payout percentage of the three Business Units.

Business Units

For Participants in a Business Unit, the performance criteria will be NOEPS, the Business Unit's Net Operating Earnings ("BUNOE,,"), and the Business Unit's Funds from Operations ("BFFO,,"). Part (D) identifies the tiers of NOEPS, BUNOE and BFFO that will be used to calculate the amount of the Incentive Pool for each Business Unit. Twenty-Five percent (25%) of a Participant's incentive opportunity will be based upon NOEPS, thirty-seven and a half (37.5%) will be based upon BUNOE, and thirty-seven and a half (37.5%) will be based upon BFFO.

D. Goals and Payout Percentages

NOEPS Goals

NOEPS	Individual Payout Percentage
\$1.60	Stretch %
\$1.55	Target %
\$1.50	Trigger %

CFFO Goals (millions)

CFFO	Individual Payout Percentage
\$1,350M	Stretch %
\$1,250M	Target %
\$1,150M	Trigger %

Business Unit Goals¹

Gas Distribution Business Unit (millions)

BUNOE	Individual Payout Percentage
\$196	Stretch %
\$185	Target %
\$179	Trigger %

BFFO	Individual Payout Percentage
\$424	Stretch %
\$382	Target %
\$354	Trigger %

NIPSCO Business Unit (millions)

BUNOE	Individual Payout Percentage
\$180	Stretch %
\$169	Target %
\$163	Trigger %

BFFO	Individual Payout Percentage
\$567	Stretch %
\$511	Target %
\$474	Trigger %

¹The Committee has granted the Chief Executive Officer the ability to set the Business Unit Goals.

CPG Business Unit (millions)

BUNOE	Individual Payout Percentage
\$279	Stretch %
\$270	Target %
\$266	Trigger %

BFFO	Individual Payout Percentage
\$534	Stretch %
\$481	Target %
\$446	Trigger %

E. Incentive Pool Creation

The individual incentive opportunity for a Corporate Support Participant shall equal:

(Participant's Eligible Earnings X NOEPS individual payout percentage X 50%)

PLUS

(Participant's Eligible Earnings X CFFO individual payout percentage X 50%)

The individual incentive opportunity for a Business Unit Participant shall equal¹:

(Participant's Eligible Earnings X Individual Business Unit
 Net Operating Earning payout percentage X 37.5%)

PLUS

(Participant's Eligible Earnings X Individual Business Unit
 Funds from Operations payout percentage X 37.5%)

PLUS

(Participant's Eligible Earnings X NOEPS individual payout percentage X 25%)

Eligible Earnings consist of the Participant's base earnings for the calendar year. Additionally, Eligible Earnings for Participants who are non-exempt employees also include all shift premiums and overtime pay for the calendar year. Reimbursements for educational assistance, relocation, meals and mileage, as well as incentive payments, stock option gains, and long-term disability payments are not included in Eligible Earnings.

¹ If the Corporation's NOEPS for the performance year is less than \$1.50 no amount shall be payable under the Plan for NOEPS and amounts payable for Business Unit performance shall be reduced by fifty percent (50%).

The individual incentive opportunity for each Participant in a Group will be added together, and the sum will equal the Incentive Pool for that Group.

F. Calculation of Bonus

In general, Participants who are non-exempt employees will receive 100% of their individual incentive amount, as calculated under this Program. The amount of the individual incentive opportunity for Participants who are exempt employees generally will be the amount calculated under this Program, divided into two categories:

- Discretionary: 67% of the Participant's individual incentive calculation will be discretionary; the Corporation may increase or decrease this amount based on the Corporation's assessment of the Participant's performance
- Non-discretionary: 33% of the Participant's individual incentive calculation will be fixed.

Notwithstanding the foregoing, the Committee retains the power, authority and discretion to reduce, eliminate, or otherwise modify the amount calculated as payable.

G. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards, the Committee may adjust the Cash-Based Awards to reflect the following extraordinary and other similar items:

1. Equity issuances;
2. Debt issuances;
3. Discontinued operations;
4. Mergers, acquisitions, and divestitures;
5. Capital expenditures;
6. Asset write-downs;
7. Litigation or claim judgments or settlements;
8. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
9. Any reorganization or restructuring programs;
10. Foreign exchange gains and losses;
11. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters;
12. Significant movements in gas prices; and
13. Significant changes in the law.

4. General Timing of Payment

If payable, the Participant's incentive will be distributed to the Participant, or the Participant's estate in the event of the Participant's death before payment, in cash in a single sum as soon after the end of the applicable Performance Year as practicable, but no later than March 15 after the end of the Performance Year, in accordance with the Corporation's payroll practices.

5. Notices

Any notice required or permitted to be given by the Corporation or the Committee pursuant to the Plan shall be deemed given when personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Participant, his or her beneficiary, executors, administrators, successors, assigns or transferees, at the last address shown for the Participant on the records of the Corporation or subsequently provided in writing to the Corporation.

6. Miscellaneous Provisions

1. Nothing contained herein will confer upon any Participant the right to be retained in the service of an Employer or any affiliate thereof nor limit the right of an Employer or any subsidiary thereof to discharge or otherwise deal with any Participant without regard to the existence of the Plan.

2. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Indiana, except as preempted by federal law.

**NISOURCE INC. RETIREMENT
SAVINGS PLAN**

Amended and Restated Effective as of January 1, 2013

December 2012

Section 3.06 Profit Sharing Contributions and Next Gen Employer Contributions. Except as provided in subparagraph C below, for each Plan Year, the Employer may contribute to the Trust amounts determined in its discretion. Such contributions will be in the form of "Profit Sharing Contributions" (previously designated "Profit Participation Contributions" in the Plan 2006 Restatement) as described in subparagraph A and B below. In addition, as provided in subparagraph C below, the Employer shall make the "Next Gen Employer Contribution" described therein.

- A. Amount of Profit Sharing Contribution. The Profit Sharing Contribution made for a Plan Year shall be a stated percentage of the Compensation of the Participants entitled to receive allocations of such Profit Sharing Contribution for such Plan Year in accordance with the eligibility and allocation provisions set forth in Plan Section 3.07. The applicable percentage for each Plan Year shall be designated by the Committee, in its discretion exercised on a non-discriminatory basis, no later than the last day of the first quarter of the Plan Year following the Plan Year for which such percentage is applicable. For purposes of this Section 3.06A, Compensation for a Plan Year shall be defined as determined under the Annual Incentive Plan of an Employer in effect for such Plan Year, reduced by any amounts deferred to a nonqualified plan maintained by an Employer, as described in Section 1.19B(i) of the Plan. In allocating a Profit Sharing Contribution to a Participant's Account, the Plan Administrator, subject to Section 11.01, shall take into account only Compensation paid to the Employee during the portion of the Plan Year during which the Employee was a Participant. In no event shall a Profit Sharing Contribution be made with respect to any Participant for any Plan Year to the extent such Profit Sharing Contribution would cause the limitations of Code Section 415 to be exceeded for such Participant for such Plan Year.
- B. Prior Profit Sharing Contributions. Prior to January 1, 2002, the Employer contributed other amounts as Profit Sharing Contributions to Participants as described in the Plan 2006 Restatement. The provisions relating to these "Prior Profit Sharing Contributions" including rules and conditions for eligibility, allocation, vesting, forfeitures, and investments, apply as set forth in the Plan 2006 Restatement. The Plan Administrator and/or Trustee shall maintain a "Prior Profit Sharing Contributions Account" to the extent that such contributions require a subaccount that is separate from the Profit Sharing Account.
- C. Next Gen Employer Contributions. Notwithstanding the foregoing, effective as of January 1, 2010, the Employer shall contribute each pay period to the Account of each Participant who is both an Eligible Employee and a Next Gen Employee at such time an amount equal to 3% of such Participant's total Compensation for that pay period (as defined in Section 1.19B(ii)). Such contribution shall be a "Next Gen Employer Contribution." This amount shall be payable to applicable Participants regardless of whether such Participants have elected to make Pre-Tax Contributions, Roth Contributions or any other elective deferrals to the Plan and regardless of the Participants' status as of the end of the Plan Year. As provided in Section 3.07B, this Next Gen Employer Contribution shall be allocated to the Company Stock Fund and shall be 100% vested and nonforfeitable at all times. Eligibility for a Next Gen Employer Contribution under this subparagraph C shall not preclude eligibility for any other Profit Sharing Contribution under the terms contained herein.

Section 3.07 Profit Sharing and Next Gen Employer Contribution Allocation / Investment.

- A. Eligibility and Accrual. Each Eligible Employee meeting the allocation requirements of this Section is entitled to participate in Profit Sharing Contributions; provided, however, that if an Eligible Employee is subject to a collective bargaining agreement, such agreement must provide that the Employee is eligible for Profit Sharing Contributions. For Profit Sharing Contributions other than those Next Gen Employer Contributions described in Section 3.06C, the Plan Administrator shall determine the accrual of a Profit Sharing Participant's benefit on the basis of the Plan Year. Although contributions may be made at other times (and therefore credited to Accounts at such other times), the Participant's status as of the end of the Plan Year for which the contribution is made shall determine his entitlement to share in an allocation of such contribution, regardless of when credited to his Account. For Profit Sharing Contributions other than Next Gen Employer Contributions described in Section 3.06C, the Plan Administrator shall not allocate any portion of a Profit Sharing Contribution for a Plan Year to the Account of any Participant, if such Participant is not employed by the Employer on the last day of that Plan Year (for a reason other than retirement, Disability, or death). The Plan shall suspend the accrual requirement described herein if the Plan fails to satisfy the requirements of Code Section 410(b). Notwithstanding any other provision to the contrary, a Profit Sharing Contribution or Next Gen Employer Contribution shall not be allocated to a Participant's Account to the extent the contribution would exceed the Participant's "Maximum Permissible Amount" under Section 7.02.
- B. Allocation, Investment and Vesting. Subject to Article XI and except as provided for contributions described under section 3.06C, the Plan Administrator shall allocate and credit to the Account of each Participant who satisfies the conditions of Section 3.07A a percentage of the annual Profit Sharing Contribution in the ratio that the sum of the Participant's total Compensation for the Plan Year bears to the sum of all such Participants' total Compensation for the Plan Year. All Profit Sharing Contributions, including Next Gen Employer Contributions under Section 3.06C, shall be allocated to the Company Stock Fund, pursuant to Section 8.07 and 8.08. All Profit Sharing Contributions, including Next Gen Employer Contributions under Section 3.06C, shall be 100% vested and nonforfeitable at all times.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 137
Respondents: Susanne M. Taylor and S. Mark Katko

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

137. Please provide the number of NiSource Service employees who have provided services to Columbia, in total and broken out by employee category, for each month of 2011, 2012, and 2013 through May. In addition, provide the budgeted number of NCSC employees for the year 2013.

Response:

Please refer to Attachment A of this response for the number of NiSource Corporate Services Company employees by category who have provided services to Columbia, in total and broken out by employee category, for each month of 2011, 2012 and 2013 through May. Also refer to Attachment A for the budgeted total number of NCSC employees for June through December 2013. The budgeted number of employees providing services to Columbia is not available, nor is the number of budgeted employees by category.

Columbia Gas of Kentucky, Inc.
 NiSource Corporate Services Company Employees

NUMBER OF EMPLOYEES PROVIDING SERVICES TO COLUMBIA GAS OF KENTUCKY, INC.:

	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011
Exempt	859	812	841	836	851	872	874	886	913	922	926	925
Nonexempt	8	7	8	8	8	8	8	8	9	9	9	9
Total	867	819	849	844	859	880	882	894	922	931	935	934

	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012
Exempt	927	948	948	954	979	978	996	996	968	1,004	1,012	976
Nonexempt	8	9	9	9	8	8	8	9	8	9	9	9
Total	935	957	957	963	987	986	1,004	1,005	976	1,013	1,021	985

	January 2013	February 2013	March 2013	April 2013	May 2013
Exempt	1,008	1,013	1,022	1,030	1,041
Nonexempt	8	8	8	8	7
Total	1,016	1,021	1,030	1,038	1,048

BUDGETED NUMBER OF TOTAL EMPLOYEES:

	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013
Total	1,626	1,629	1,629	1,626	1,628	1,628	1,628

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 138
Respondent: S. Mark Katko

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

138. To the extent that any changes or revisions should be made to the filing data based on errors/omissions/revisions found after the Company filed its case, please provide a listing and description of these required changes revisions, as well as the impact on the Company's filed revenue requirement.

Response:

There are no known material errors, omissions, or revisions found after Columbia filed its case.

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

139. Please provide the Consumer Price Index ("CPI") and the Consumer Price Index – Urban ("CPI-U") for each of the calendar years 2003 through 2012 (measured as of December).

Response:

The United States Bureau of Labor Statistics (BLS) manages the Consumer Price Indexes (CPI) program, which, according to the BLS website www.bls.gov, "produces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services." Columbia Gas of Kentucky is not aware of a CPI concept that is more aggregated than CPI-U. The following values of CPI-U – for series ID CUUR0000AA0, not seasonally adjusted - were obtained from BLS:

2003	551.10
2004	565.80
2005	585.00
2006	603.90
2007	621.11
2008	644.95
2009	642.66



2010	653.20
2011	673.82
2012	687.76

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

140. Please provide the actual Injury and Damages expenses booked by the Company for each of the years 2003 through 2012.

Response:

Please see the table below for the Injuries and Damages expenses recorded for the years 2003 through 2012.

2003	\$269,256
2004	(\$14,060)
2005	(\$41,574)
2006	\$202,990
2007	\$167,729
2008	\$118,999
2009	\$220,921
2010	\$5,321
2011	\$89,944
2012	\$99,797

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

141. With regard to professional services expenses, please provide the following information:

- a. In the same format and detail as per filing requirement Schedule F-7, provide a breakout of the professional services expenses (e.g., legal, engineering, accounting, other) included in the pro forma adjusted test year results.
- b. Equivalent actual professional service expenses (by the categories identified in part a above) booked in each of the years 2008 through 2012. For each of the expense category expenses from 2008 through the pro forma test year to be provided in response to parts (a) and (b) above, provide the portions charged to O&M expense.

Response:

- a. Please see Part F of the response to PSC Set 2 DR No. 009.

b. Please see the table below for professional service expenses booked to O&M accounts in each of the years 2008 through 2013 year-to-date. Information for the base and forecasted period can be found in Part F of the response to PSC Set 2 DR No. 009.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 YTD</u>
Legal	-	-	-	-	-	-
Engineering	-	3,159	11,150	4,477	108,614	36,536
Accounting	132,870	127,537	148,953	121,398	147,019	81,504
Other	8,750	16,250	31,782	34,890	149,166	140,727
Rate Case	-	-	-	-	-	<u>213,261</u>
Total	<u>141,620</u>	<u>146,946</u>	<u>191,885</u>	<u>160,765</u>	<u>404,799</u>	<u>472,028</u>

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

142. Please provide Columbia's authorized and earned return on common equity over the past ten years. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity. Please provide copies of all associated work papers and source documents. Please provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulae intact.

Response:

The information requested is on a separate CD provided in conjunction with these responses. Please see the file named PSC Case No. 2013-00167_AG Set 1 DR No. 118 Attachment A for Columbia Gas of Kentucky, Inc.'s authorized and earned return on common equity over the past ten years. The file named PSC Case No. 2013-00167_AG Set 1 DR No. 118 Attachment B is the workpaper showing the earned return on common equity calculations.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 143
Respondent: Herbert A Miller, Jr.

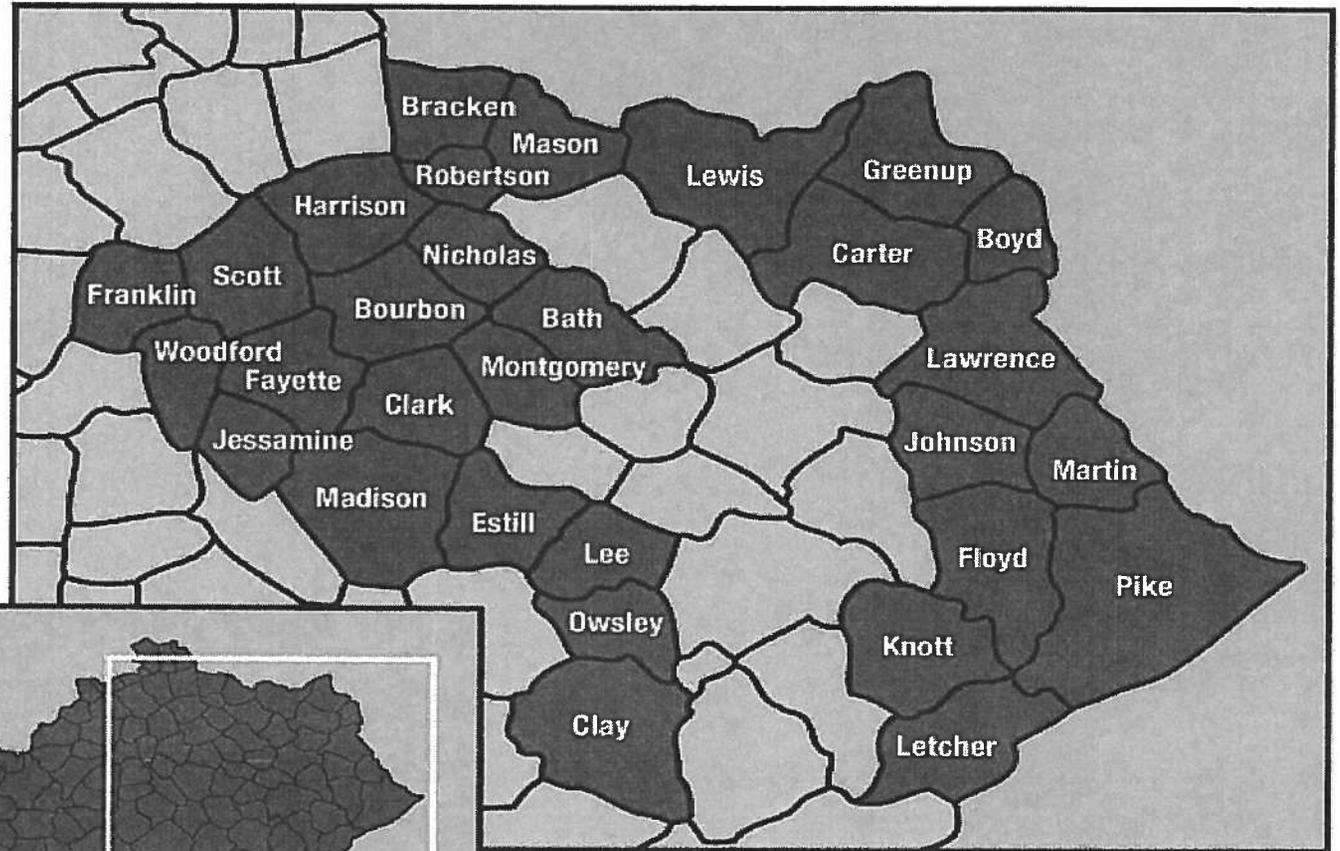
**COLUMBIA GAS OF KENTUCKY, INC.
RESPONSE TO ATTORNEY GENERAL'S FIRST
REQUEST FOR INFORMATION
DATED JULY 19, 2013**

143. Please provide a general map of the Company's service area(s).

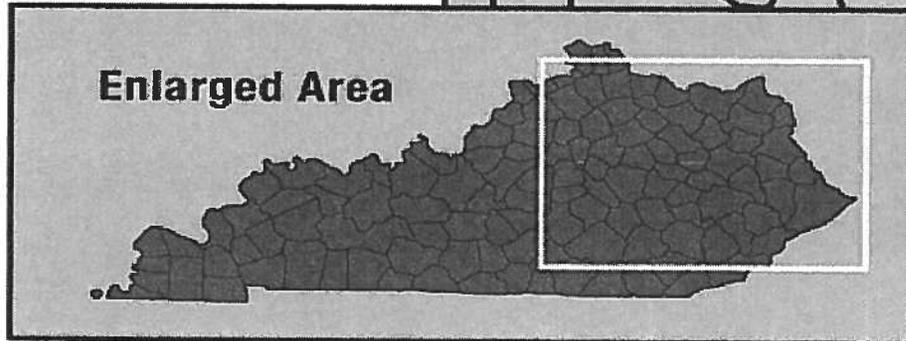
Response:

A service territory map is attached as Attachment A.

Columbia Gas of Kentucky Service Area



**Columbia Gas[®]
of Kentucky**
A NISource Company



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

144. Please provide a tabulation of the complaints received by the Company for each of the last five (5) years from customers regarding leaks or other problems and concerns regarding gas mains, service lines and risers in the Company's system. Include in this response, the date, type of customer, reason for the complaint, facility affected, description of problem, response time, repair time, and total time the customer was without gas service for each complaint identified.

Response:

OBJECTION. This question is overly broad and unduly burdensome. Without waiving the foregoing objection, Columbia responds that it does not have a report that contains the requested information nor does it maintain its records in such a way that it is possible to manually generate the requested information.

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

145. Please provide a detailed listing, description and dollar breakout of all test year social and service club dues, country club dues and charitable expenses included in the above-the-line test year expenses (both directly booked by Columbia Gas of Kentucky and as included in the NCSC-allocated charges).

Response:

Please see the table below for a listing of Columbia direct industry, social, service, and country club dues included in above-the-line forecasted test period expenses.

Description	Amount
American Gas Association	\$ 49,795
Kentucky Gas Association	10,300
Southern Gas Association	1,399
Common Ground Alliance Bronze Sponsorship	172
University of Missouri (Financial Research Institute)	7,500
Rotary Club of Lexington	500
Commerce Lexington	3,301
Ashland Alliance	3,500
Kentucky Association of Manufacturers	915
Total Industry, Social, Service, & Country Club Dues	<u>\$ 77,382</u>

NCSC total corporate dues and memberships included in above-the-line forecasted test period expenses are \$16,967. Information by type of due and individual association is not separately identifiable.

Columbia records charitable contributions below-the-line to Account 426. NCSC charitable contributions are not included in above-the-line forecasted test period expenses.

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

146. Please provide a detailed listing, description and dollar breakout of all above-the-line expenses (both directly booked by Columbia Gas of Kentucky and as included in the NCSC-allocated charges) associated with employee awards, gifts and prizes, company picnics, Christmas parties, employee outings, and other similar employee related expenses.

Response:

Columbia and NCSC actual above-the-line expenses for an annual period were reviewed to identify amounts for employee awards, gifts and prizes, company picnics, parties, employee outings, and other similar employee related expenses. Amounts identified were removed from forecasted test period above-the-line expenses based on the assumption that a comparable level of these expenses is budgeted in 2014.

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

147. Please provide a detailed listing, description and dollar breakout of all test year advertising expenses included in the above-the-line test year expenses (both directly booked by Columbia Gas of Kentucky and as included in the NCSC-allocated charges). In addition, indicate which of these advertising expenses can be considered promotional and institutional advertising.

Response:

Please see the tables below for a listing of Columbia advertising expenses and NCSC advertising expenses billed to Columbia that are included in adjusted above-the-line expenses for the forecasted test period.

Columbia	
Description	Amount
Energy Efficiency/Conservation	\$ 92,696
Public Awareness/Pipeline Safety	150,000
Community Support/Other	23,235
Total Gross Advertising Expense	265,931
Less: Deferred to Regulatory Asset	(92,696)
Net Advertising Expense	\$ 173,235
NCSC	
Description	Amount
Pipeline Safety/Public Awareness	\$ 61,841
Bill Inserts and Notices	31,472
Legal	3,818
Employee Recruitment/Other	1,320
Total NCSC Billed to Columbia	\$ 98,451

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

148. Please provide a detailed listing, description and dollar breakout of all test year public relations and community relations/civic affairs expenses included in the above-the-line test year expenses (both directly booked by Columbia and as included in the NCSC-allocated charges).

Response:

Please see the table below for a listing of Columbia direct public relations and community relations/civic affairs dues and memberships included in above-the-line forecasted test period expenses.

Description	Amount
Kentucky Chamber of Commerce	\$ 5,000
Mt. Sterling Montgomery County Chamber of Commerce	600
Paris Bourbon County Chamber of Commerce	495
Cynthiana Harrison County Chamber of Commerce	350
Georgetown Scott County Chamber of Commerce	500
Woodford County Chamber of Commerce	1,250
Frankfort Area Chamber of Commerce	365
Winchester Clark County Chamber of Commerce	500
Total Public Relations, Community Relations, Civic Affairs Dues	\$ 9,060

NCSC total corporate dues and memberships included in above-the-line forecasted test period expenses are \$16,967. Information by type of due and individual association is not separately identifiable.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 149
Respondent: S. Mark Katko

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

149. Please provide any expenses associated with fines and penalties included in the above-the-line test year expenses (both directly booked by Columbia and as included in the NCSC-allocated charges).

Response:

Columbia records fines and penalties below-the-line to Account 426. No fines or penalties are included in above-the-line forecasted test period expenses. NCSC fines and penalties are not separately identifiable in the forecasted test period.

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

150. With regard to AGA dues, please provide the following information:

- a. Total AGA dues included in the test year expenses. In addition, explain as to whether 100% of these expenses are booked above-the-line or whether a portion of them are booked below-the-line, and explain the reason for this below-the-line portion.
- b. Please provide the latest available percentage breakout with regard to the activities performed by the American Gas Association.
- c. Provide a copy of the latest American Gas Association document that includes detailed descriptions of the nature and purpose of each of the functional areas to be provided in response to part b above.

Response:

- a. Total AGA dues included in the forecasted test period are \$49,795. The entire amount is included in above-the-line expenses.
- b. Please see the table below.

2013
ALLOCATION

Programs Funded by Dues

Communications	10.22%
Corporate Affairs	7.93%
Demand Growth	3.58%
General & Administrative	19.38%
General Counsel	4.22%
Government Relations: Federal	9.00%
Government Relations: State	4.64%
Industry Finance & Administrative Programs	4.88%
Operations & Engineering	22.86%
Policy, Planning & Regulatory Affairs	13.29%
Expense Budget	100.00%

Note

AGA estimates that lobbying expenses, as defined under IRC Section 162, will account for 3% of member dues in 2013.

c. Refer to the descriptions below.

AMERICAN GAS ASSOCIATION

Definitions of Functional Cost Centers For the Year Ended December 31, 2013

Communications develops informational material for member companies and consumers and coordinates all media activity.

Corporate Affairs provides opportunities for interaction between member companies and the financial community. The focus is to promote interest in the investment opportunities in the industry.

Demand Growth supports the growth objectives of natural gas distribution companies by advancing sustainable growth opportunities for the direct and distributed use of natural gas in the residential, commercial and industrial markets.

General and Administrative includes:

1. Office of the President provides senior management guidance for all AGA activities.
2. Human Resources develops and administers employee programs and provides office and personnel services.
3. Finance and Administration develops and administers financial accounting and treasury services and maintains computer services capability.

General Counsel provides legal counsel to the Association.

Government Relations provides members with information on legislative development; prepares testimony, comments, and filings regarding legislative activities, lobbies on behalf of the industry.

Industry Finance and Administration develops and implements programs in such areas as accounting, human resources, and risk management for member companies.

Operations and Engineering develops and implements programs and practices to meet the operational, safety, and engineering needs of the industry.

Policy, Planning & Regulatory Affairs includes:

1. Policy & Analysis identifies the need for and conducts energy analyses and modeling efforts in the areas of gas supply and demand, economics, and the environment.
2. Regulatory Affairs provides members with information on FERC and state regulatory developments; prepares testimony, comments, and filings regarding regulatory activities.

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

151. Please provide a detailed listing, description and quantification of the following expenses included in the above-the-line test year O&M expenses (both direct Columbia and allocated NCSC expenses):

- a. Spousal expenses.
- b. Non-Deductible Meals and Entertainment expenses. In addition, explain why these expenses are non-deductible.
- c. Employee welfare expenses.
- d. Employee moving expenses. In addition, provide the actual employee moving expenses booked by CGK in each of the years 2008 through 2012.

Response:

- a. There are no Columbia direct spousal expenses included in above-the-line expenses for the forecasted test period. NCSC spousal expenses are not separately identifiable.

b. Non-deductible meals and entertainment expenses are not separately identifiable in the forecasted test period.

c. Above-the-line forecasted test period expenses include Employee Assistance Plan in the amount of \$20,064 for Columbia direct and \$2,095 for NCSC.

d. There are no Columbia direct relocation expenses in above-the-line forecasted test period expense. There are NCSC moving expenses in above-the-line forecasted test period expense in the amount of \$27,840.

Columbia recorded relocation expenses of \$63,465 in 2008 and \$24 in 2009. No relocation expenses were recorded by Columbia in 2010, 2011, and 2012.

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

152. Please provide a detailed breakout of the components making up all of the company dues and subscriptions and employee dues and descriptions included in the test year.

Response: Please see the table below for Columbia dues and memberships included in the forecasted test period.

Description	Amount
American Gas Association	\$ 49,795
Kentucky Gas Association	10,300
Southern Gas Association	1,399
Common Ground Alliance Bronze Sponsorship	172
Ashland Alliance	3,500
Kentucky Chamber of Commerce	5,000
Mt. Sterling Montgomery County Chamber of Commerce	600
Paris Bourbon County Chamber of Commerce	495
Cynthiana Harrison County Chamber of Commerce	350
Georgetown Scott County Chamber of Commerce	500
Woodford County Chamber of Commerce	1,250
Commerce Lexington	3,301
Frankfort Area Chamber of Commerce	365
Winchester Clark County Chamber of Commerce	500
University of Missouri (Financial Research Institute)	7,500
Rotary Club of Lexington	500
Kentucky Association of Manufacturers	915
Total	\$ 86,442

Employee dues are not separately identifiable.

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

153. Please provide the following actual test-year amounts by class or rate schedule as available:

- a. Late payment charges,
- b. Customer deposits,
- c. Customer advances, and,
- d. Uncollectibles expense.

Response:

- a. Please see Columbia's response to AG data request Set 1 No. 226. Columbia does not forecast late payment charges by class or rate schedule.
- b. Please see Columbia's response to AG data requests Set 1 No. 188.
- c. Please see Columbia's response to AG data request Set 1 No. 280. Columbia does not forecast customer advances by class or rate schedule.

d. Uncollectibles expense for the forecasted test period is available as follows: residential and small commercial and industrial (non-gas only) - \$430,000; gas cost - \$208,000; large volume commercial and industrial - \$25,000; Energy Assistance Program - \$453,983. Please note that uncollectibles expense is further adjusted on Schedule D-2.4.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 154
Respondent: S. Mark Katko

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

154. Please provide the annual level of write-offs by rate schedule for each of the last five (5) years (net of surrendered deposits).

Response:

Write-offs by rate schedule are not available.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 155
Respondent: William J. Gresham

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

155. Reference Gresham testimony at pages 3-5, please provide any and all work papers used to develop number of customers by service type and/or service classification. Work papers should be provided in Excel format with all cells unlocked.

Response:

Work papers for new customer additions and attrition are attached along with a forecast report showing the application of those concepts. In the application, attrition is seen in the bottom section in column 1 "Existing" and new customer additions are seen in the middle section in column 2 "New".

Residential Additions Customer Forecast

	CKY
2012	288
2013	322
2014	386

Commercial Additions Customer Forecast

	CKY
2012	113
2013	116
2014	124

Entry

Residential Additions Customer Forecast

Cumulative Percentage

		CKY	Cumulative Percentage	
			CKY	CKY
2012	Jan	14	5.0%	5.0%
2012	Feb	20	12.0%	7.0%
2012	Mar	23	20.0%	8.0%
2012	Apr	23	28.0%	8.0%
2012	May	17	34.0%	6.0%
2012	Jun	20	41.0%	7.0%
2012	Jul	20	48.0%	7.0%
2012	Aug	23	56.0%	8.0%
2012	Sep	29	66.0%	10.0%
2012	Oct	32	77.0%	11.0%
2012	Nov	35	89.0%	12.0%
2012	Dec	32	100.0%	11.0%
2013	Jan	16	5.0%	5.0%
2013	Feb	23	12.0%	7.0%
2013	Mar	29	21.0%	9.0%
2013	Apr	26	29.0%	8.0%
2013	May	19	35.0%	6.0%
2013	Jun	23	42.0%	7.0%
2013	Jul	19	48.0%	6.0%
2013	Aug	26	56.0%	8.0%
2013	Sep	32	66.0%	10.0%
2013	Oct	35	77.0%	11.0%
2013	Nov	39	89.0%	12.0%
2013	Dec	35	100.0%	11.0%
2014	Jan	19	5.0%	5.0%
2014	Feb	27	12.0%	7.0%
2014	Mar	35	21.0%	9.0%
2014	Apr	31	29.0%	8.0%
2014	May	23	35.0%	6.0%
2014	Jun	27	42.0%	7.0%
2014	Jul	23	48.0%	6.0%
2014	Aug	31	56.0%	8.0%
2014	Sep	39	66.0%	10.0%
2014	Oct	42	77.0%	11.0%
2014	Nov	46	89.0%	12.0%
2014	Dec	42	100.0%	11.0%

Entry

Residential Additions Customer Forecast

Cumulative Percentage

		CKY	CKY	CKY
2012	Jan	7	6.0%	6.0%
2012	Feb	8	13.0%	7.0%
2012	Mar	8	20.0%	7.0%
2012	Apr	8	27.0%	7.0%
2012	May	7	33.0%	6.0%
2012	Jun	7	39.0%	6.0%
2012	Jul	9	47.0%	8.0%
2012	Aug	10	56.0%	9.0%
2012	Sep	12	67.0%	11.0%
2012	Oct	14	79.0%	12.0%
2012	Nov	12	90.0%	11.0%
2012	Dec	11	100.0%	10.0%
2013	Jan	7	6.0%	6.0%
2013	Feb	9	14.0%	8.0%
2013	Mar	9	22.0%	8.0%
2013	Apr	9	30.0%	8.0%
2013	May	7	36.0%	6.0%
2013	Jun	7	42.0%	6.0%
2013	Jul	9	50.0%	8.0%
2013	Aug	9	58.0%	8.0%
2013	Sep	12	68.0%	10.0%
2013	Oct	14	80.0%	12.0%
2013	Nov	13	91.0%	11.0%
2013	Dec	10	100.0%	9.0%
2014	Jan	7	6.0%	6.0%
2014	Feb	10	14.0%	8.0%
2014	Mar	10	22.0%	8.0%
2014	Apr	10	30.0%	8.0%
2014	May	7	36.0%	6.0%
2014	Jun	7	42.0%	6.0%
2014	Jul	10	50.0%	8.0%
2014	Aug	10	58.0%	8.0%
2014	Sep	12	68.0%	10.0%
2014	Oct	15	80.0%	12.0%
2014	Nov	14	91.0%	11.0%
2014	Dec	11	100.0%	9.0%

New Smasher Report - December Customers and Total Volumes

7/29/2013

Page 1 of 1

COLUMBIA GAS OF KENTUCKY

KYRC12A

Residential

Year	Heating Customers				Non Heat Customers
	Existing	New	Conv	Total	
2011	120,681	0	0	120,681	0
2012	119,628	288	0	119,916	0
2013	118,671	610	0	119,281	0
2014	117,722	996	0	118,718	0
2012	-1,053	288	0	-765	0
2013	-957	322	0	-635	0
2014	-949	386	0	-563	0
2012	-0.87%	0.00%	0.00%	-0.63%	0.00%
2013	-0.80%	111.81%	0.00%	-0.53%	0.00%
2014	-0.80%	63.28%	0.00%	-0.47%	0.00%

New Smasher Report - December Customers and Total Volumes

7/29/2013

Page 1 of 1

COLUMBIA GAS OF KENTUCKY

KYRC12A

Commercial

Year	Heating Customers			Total	Non Heat Customers
	Existing	New	Conv		
2011	14,002	0	0	14,002	0
2012	13,778	113	0	13,891	0
2013	13,558	229	0	13,787	0
2014	13,341	353	0	13,694	0
2012	-224	113	0	-111	0
2013	-220	116	0	-104	0
2014	-217	124	0	-93	0
2012	-1.60%	0.00%	0.00%	-0.79%	0.00%
2013	-1.60%	102.65%	0.00%	-0.75%	0.00%
2014	-1.60%	54.15%	0.00%	-0.67%	0.00%

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

156. Reference Gresham testimony at page 5. Please provide the econometric models, and all input data in Excel format, referenced used to develop the residential and commercial usage per customer (lines 5 and 11 respectively).

Response:

These models were estimated and processed using mainframe SAS and do not reside in spreadsheet format. The data used for model estimation and the forecast of the independent variables are included in two files on a separate CD. The files are names "AG 1-156 Commerical.xlsx" and ."AG 1-156 Residential.xlsx."

The econometric model for the residential usage per customer was estimated as:

Ln(mcf) = f (Ln(real price, LRP), Ln(real income per capita, LRYPC), Ln (energy efficiency variable LENCR), actual HDD (ADDD), monthly binary variables (Mmm)). Ln represents natural log function.

The AUTOREG Procedure

Dependent Variable LAUPC - Residential Model

Maximum Likelihood Estimates

SSE	1.42013032	DFE	232
MSE	0.00612	Root MSE	0.07824
SBC	-478.56265	AIC	-549.15123
<u>Regress</u> R-Square	0.9729	Total R-Square	0.9942

Variable	DF	Estimate	Standard Error	t Value	<u>Approx</u> <u>Pr > t </u>
Intercept	1	-18.0212	1.0115	-17.82	<.0001
M1	1	1.0251	0.0712	14.40	<.0001
M2	1	1.0917	0.0686	15.90	<.0001
M3	1	1.1744	0.0572	20.54	<.0001
M4	1	1.1241	0.0446	25.19	<.0001
M5	1	0.7439	0.0356	20.93	<.0001
M6	1	0.3006	0.0291	10.32	<.0001
M7	1	0.0805	0.0258	3.13	0.0020
M9	1	0.0290	0.0258	1.13	0.2613
M10	1	0.3488	0.0301	11.59	<.0001
M11	1	0.9100	0.0413	22.04	<.0001
M12	1	1.0675	0.0580	18.41	<.0001
LRP	1	-0.0332	0.0391	-0.85	0.3961
ADDD	1	0.001512	0.0000623	24.26	<.0001
LRYPC	1	0.0500	1.1658E-9	4.289E7	<.0001
LENCR	1	2.6131	0.1392	18.77	<.0001

The econometric model for the commercial usage per customer was estimated as:

Ln(mcf) = f (Ln(real price, LRP), Ln(real gross county product, LRGCP), Ln (energy efficiency variable LENCC), actual HDD (ADDD), monthly binary variables (Mmm), binary variables for unusual data points for a given year and month (Dyyyymm)). Ln represents natural log function.

The AUTOREG Procedure

Dependent Variable LAUPC - Commercial Model

SSE	0.53047814	DFE	171
MSE	0.00310	Root MSE	0.05570
SBC	-465.4619	AIC	-557.67443
<u>Regress</u> R-Square	0.9706	Total R-Square	0.9937

Variable	DF	Estimate	Standard Error	t Value	<u>Approx</u> <u>Pr > t </u>
Intercept	1	-8.2024	6.1964	-1.32	0.1874
M1	1	0.6911	0.0575	12.01	<.0001
M2	1	0.6992	0.0555	12.59	<.0001
M3	1	0.6883	0.0470	14.65	<.0001
M4	1	0.5516	0.0367	15.02	<.0001
M5	1	0.2615	0.0284	9.20	<.0001
M6	1	0.0632	0.0237	2.66	0.0085
M7	1	0.007450	0.0185	0.40	0.6871
M9	1	0.0417	0.0184	2.27	0.0244
M10	1	0.2470	0.0242	10.19	<.0001
M11	1	0.5098	0.0330	15.45	<.0001
M12	1	0.6584	0.0482	13.65	<.0001
D201012	1	0.2319	0.0563	4.12	<.0001
D201101	1	0.1516	0.0572	2.65	0.0088
D201001	1	0.1066	0.0572	1.86	0.0640
D201002	1	0.1085	0.0634	1.71	0.0887
D201003	1	0.1892	0.0631	3.00	0.0031
D201004	1	-0.1910	0.0560	-3.41	0.0008
D201112	1	-0.1229	0.0596	-2.06	0.0409
D200101	1	-0.1202	0.0508	-2.36	0.0192
D199509	1	0.2882	0.0503	5.73	<.0001
D199507	1	0.2101	0.0503	4.18	<.0001
D200906	1	0.2425	0.0491	4.94	<.0001
LRP	1	-0.0101	0.0230	-0.44	0.6604
ADDD	1	0.001035	0.0000518	19.99	<.0001
LRGCP	1	0.0500	5.7501E-9	8695480	<.0001
LENCC	1	0.4634	0.2720	1.70	0.0903

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

157. Reference Gresham testimony beginning at line 18 of page 5. Please provide all work papers and all input data in Excel format, referenced used to develop the volume for each group of customers (i.e., residential, commercial, CHOICE, residual, industrial and "all other").

Response:

Summary of Forecast Method

Residential and commercial customers are forecasted as two concepts, new customer additions and attrition. The forecasted December customer count is the customer count from the previous December plus customer additions for the year less customer attrition. The work papers provided with Columbia's response to AG data request number 1-55 show the history of attrition and the forecasted level. The work papers also show the forecast of customer additions provided by the New Business team. The attached Residential Forecast Report and Commercial Forecast Report show the concepts as applied using the forecast program logic where

attrition is seen in the bottom section in column 1 "Existing" and the new customer additions are seen in the middle section in column 2 "New". The monthly counts for new customers are provided by the New Business team while existing customer counts are calculated from the December count using historical ratios that reflect an average shut-off and reconnect pattern that occurs each year (See work papers in accompanying CD, AG 1-157.xlsx, tabs "Res Cust" and "Com Cust", Residential Forecast Report.pdf, Commercial Forecast Report.pdf and the work papers supplied as part of Columbia's response to AG data request number 1-155).

Residential and commercial usage per customer (UPC) are forecasted using annual trends from the econometric models described in the work papers supplied in Columbia's response to AG data request number 1-156. The models are not used directly because the beginning point of the forecast is set to a take-off point (TOP). This calibration eliminates the annual level of random error in the forecast models and allows for professional judgment in setting the TOP. Judgment is used in setting the TOP for both the residential and commercial UPC. The UPC in 2012 dropped significantly. The Forecasting Group decided that the drop was due to the unusual weather patterns that are unlikely to reoccur (See Columbia's response to AG data request number 1-306) and therefore adjusted the TOP for both the residential and commercial classes. Note that the level of commercial UPC is less than may be reported or calculated elsewhere in this filing because the data

excludes some accounts forecasted by the Large Customer Relations group. (See work papers in accompanying CD, file AG 1-157.xlsx, tabs "Res TOP" and "Com TOP").

The TOP is an annual concept that is forecasted with the trend from the UPC models. Monthly UPC values are calculated by allocating annual base load UPC (determined by the normalization method described in Staff 2-21) to months by multiplying daily base load UPC (annual base load UPC / 365) by the number of days in each month. Temperature-sensitive UPC (difference between total and base load UPC) is allocated to months using percentages calculated from historical data as shown in the attached (See work papers in accompanying CD, file AG 1-157.xlsx, tabs "Res TS" and "Com TS").

Residential and commercial CHOICE customers and UPC for each class are calibrated to a current annual level using the company's CHOICE demand curve system (See work papers in accompanying CD, file AG 1-157.xlsx, tab "Choice"). Customers and UPC are forecasted at the same annual rate as the class totals. This preserves the observed saturation rates. Monthly values are calculated using the same method as the class totals.

Monthly volume for the class total and CHOICE is the product of monthly customers and UPC. The residential and commercial total forecasts are provided in

the accompanying CD, Residential Forecast Report.pdf and Commercial Forecast Report.pdf.

Monthly traditional transportation volume for the commercial class is forecasted for large commercial customers by the Large Customer Relations group and is supplemented with an “all other” monthly forecast provided by the Forecasting Group. The “all other” portion is assigned the growth rate from the class total model adjusted for the growth in the large customer segment (See work papers in accompanying CD, file AG 1-157.xlsx, tab “Com Other”). Traditional transportation customers are set at the current actual level.

Monthly sales customers and volume are calculated as the residual category, class total minus CHOICE minus traditional transportation.

The Large Customer Relations (“LCR”) group generates a monthly forecast of volume for Columbia’s largest industrial and commercial customers (“major accounts”) whether those customers transport or purchase gas from Columbia. This forecast represents 95% of the industrial class volume. The forecast created by LCR is the result of interviews/discussions held with each major account customer, combined with LCR’s knowledge of the customer, the industry segment, and general economic factors. The “all other” portion of the industrial volume (not forecasted by the LCR group) is assigned the growth rate from the class total

econometric model estimated by the Forecasting Group (See AG 1-56), adjusted for the growth in the large customer segment (See work papers in accompanying CD, file AG 1-157.xlsx, tab "Ind Other").

Forecasts of gas sales to the "all other" industrial group are held constant at a recently observed level so that the growth assigned to "all other" industrial is attributed to traditional transportation. In similar fashion, industrial CHOICE customers and volumes are set equal to the most recently observed level and held constant.

The total forecast is presented in the accompanying CD in the files AG 1-157 Forecast Report - Volume.pdf, AG 1-157 Forecast Report – Volume Detail.pdf and AG 1-157 Forecast Report - Customers.pdf

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 158
Respondent: William J. Gresham

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

158. Reference Gresham testimony at page 11. Please provide any and all workpapers used to develop the graph on page 11. The work papers should show both non-normalized and weather normalized sales.

Response:

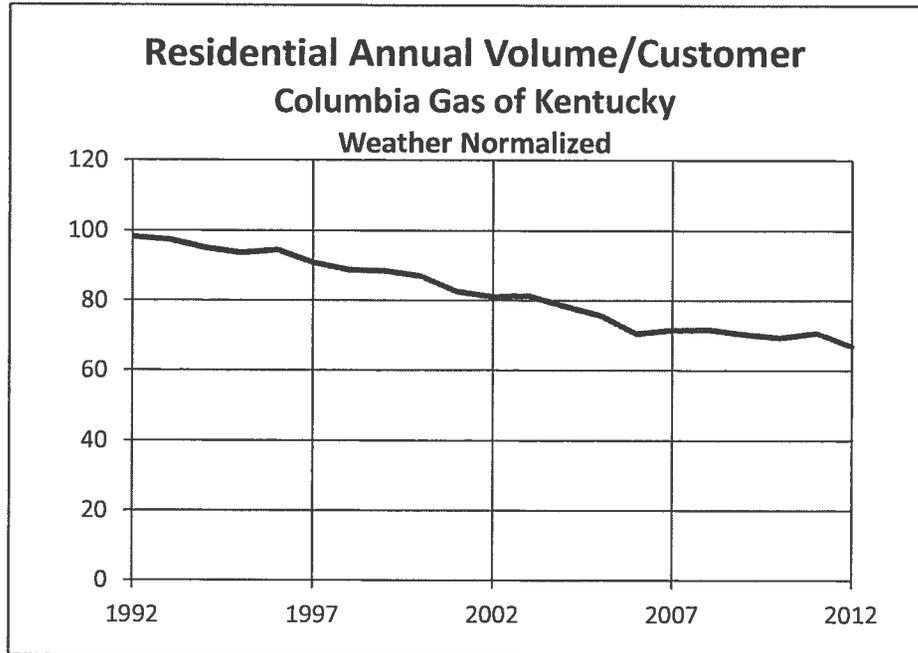
The work paper is attached.

Columbia Gas of Kentucky

AG 1-158

Residential Average Use per Customer

	Actual	Normal
1992	97.9	98.2
1993	101.2	97.4
1994	98.9	95.1
1995	96.9	93.6
1996	106.4	94.4
1997	95.7	90.8
1998	80.4	88.7
1999	83.9	88.4
2000	86.1	86.9
2001	82.5	82.5
2002	81.5	81.0
2003	84.3	81.2
2004	78.1	78.4
2005	76.9	75.7
2006	68.6	70.5
2007	69.9	71.5
2008	75.3	71.6
2009	72.0	70.3
2010	74.7	69.3
2011	73.1	70.7
2012	59.6	66.9



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

159. Reference Gresham testimony at page 12. Please provide data used to produce the graph on page 12 and please provide the source of the data.

Response:

The nominal prices were obtained from Columbia's financial reporting system. Real prices were calculated using annual CPI values from the U.S. Bureau of Labor Statistics with the base year reset to 2002.

**Columbia Gas of Kentucky
Residential Average Price in \$/mcf**

	Nominal	Real
2002	8.83	8.83
2003	10.42	10.19
2004	12.53	11.93
2005	13.42	12.36
2006	14.16	12.63
2007	11.78	10.22
2008	15.06	12.58
2009	13.64	11.44
2010	9.49	7.83
2011	10.48	8.38
2012	10.04	7.87

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

160. Reference Gresham testimony at page 11. Please provide any and all work papers that were used to develop the claim that a reduction in customer usage of 1.9% per year for the past ten years is caused by structural conservation. Please provide the source for all data used to support your answer.

Response: As shown in the graph on page 12 of the testimony, there were periods of both increasing and decreasing prices. Structural conservation was defined as a decline in usage independent of trends in natural gas prices. Because increasing prices (not decreasing prices) are associated with decreases in consumption, the reductions in usage are not price driven for much of the period. There was, however, a price response in the winters of 2004-2005 and 2005-2006. There are no work papers.

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

161. Reference Gresham testimony at page 11. Please provide any and all work papers that were used to develop the claim that a reduction in customer usage of 1.2% per year for the past five years is caused by structural conservation. Please provide the source for all data used to support your answer.

Response: As shown in the graph on page 12 of the testimony, the period in question was one of flat or decreasing prices. Structural conservation was defined as a decline in usage independent of trends in natural gas prices. Because increasing prices (not decreasing prices) are associated with decreases in consumption, the reductions in usage are not price driven. There are no workpapers.

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

162. Please provide the weather normalized sales by month and by service classification for 2008, 2009 and 2010, 2011 and 2012.

Response:

Weather normalized sales by month and by service classification for 2008, 2009 and 2010, 2011 and 2012 are provided in the following table.

Columbia Gas of Kentucky
Weather Normalized Consumption in mcf

		Residential	Commercial
2008	1	1,851,991	1,347,161
2008	2	1,819,417	1,257,361
2008	3	1,435,464	1,012,814
2008	4	863,646	627,193
2008	5	349,595	364,161
2008	6	186,756	273,358
2008	7	137,150	263,834
2008	8	126,915	241,219
2008	9	134,463	265,911
2008	10	181,250	377,001
2008	11	562,517	564,824
2008	12	1,286,857	990,635
2009	1	1,784,079	1,332,674
2009	2	1,734,716	1,217,499
2009	3	1,357,245	978,651
2009	4	825,751	666,333
2009	5	389,335	385,903

2009	6	198,197	376,208
2009	7	134,514	271,178
2009	8	127,987	249,572
2009	9	127,989	260,523
2009	10	212,099	336,021
2009	11	538,839	525,187
2009	12	1,226,949	952,215
2010	1	1,836,634	1,345,120
2010	2	1,727,630	1,251,175
2010	3	1,385,661	1,006,246
2010	4	764,951	587,500
2010	5	322,610	359,878
2010	6	177,734	260,378
2010	7	121,596	263,954
2010	8	110,670	266,319
2010	9	116,949	250,379
2010	10	178,544	312,542
2010	11	496,152	543,734
2010	12	1,255,636	1,047,966
2011	1	1,863,956	1,354,860
2011	2	1,762,963	1,241,012
2011	3	1,318,137	980,504
2011	4	797,108	620,879
2011	5	359,186	384,325
2011	6	185,929	274,080
2011	7	130,190	245,556
2011	8	109,540	265,246
2011	9	123,294	263,712
2011	10	193,620	338,495
2011	11	556,902	519,171
2011	12	1,182,328	916,473
2012	1	1,756,172	1,272,093
2012	2	1,668,798	1,216,022
2012	3	1,312,417	957,766
2012	4	607,682	604,947
2012	5	326,467	398,384
2012	6	158,482	319,455
2012	7	120,485	298,619
2012	8	110,628	283,038
2012	9	119,037	281,175
2012	10	185,794	350,496
2012	11	550,388	572,525
2012	12	1,164,077	931,942

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

163. Please provide the actual sales by month and by service classification for 2008, 2009 and 2010, 2011 and 2012.

Response: Actual sales by month and by service classification for 2008, 2009 and 2010, 2011 and 2012 are provided in the following table.

Columbia Gas of Kentucky Actual Consumption in mcf				
		Residential	Commercial	Industrial
2008	1	1,736,281	1,275,087	2,125,293
2008	2	1,810,076	1,251,806	1,990,319
2008	3	1,592,630	1,103,984	1,832,343
2008	4	916,133	653,612	1,758,407
2008	5	391,992	386,007	1,426,713
2008	6	209,241	279,618	1,340,655
2008	7	137,150	263,834	1,367,725
2008	8	126,915	241,219	1,332,678
2008	9	133,753	262,263	1,402,692
2008	10	163,174	332,495	1,307,355
2008	11	607,042	597,285	1,194,327

2008	12	1,549,784	1,154,678	1,230,310
2009	1	1,832,296	1,363,288	1,280,986
2009	2	1,874,519	1,300,896	1,404,633
2009	3	1,317,299	955,240	1,395,516
2009	4	822,428	664,381	1,193,714
2009	5	370,357	376,484	1,032,984
2009	6	186,731	356,727	1,004,638
2009	7	134,514	271,178	1,032,358
2009	8	127,987	249,572	1,051,615
2009	9	127,989	260,523	1,157,570
2009	10	248,999	371,397	1,227,629
2009	11	585,633	556,177	1,415,671
2009	12	1,219,396	947,545	1,646,793
2010	1	2,111,016	1,514,997	1,778,100
2010	2	1,922,370	1,371,362	1,617,671
2010	3	1,582,698	1,122,547	1,513,624
2010	4	609,613	509,773	1,333,802
2010	5	279,296	337,616	1,216,517
2010	6	158,000	260,378	1,223,602
2010	7	121,596	263,954	1,155,305
2010	8	110,670	266,319	1,197,396
2010	9	115,692	250,379	1,057,204
2010	10	179,116	313,081	1,348,658
2010	11	467,786	521,939	1,234,818
2010	12	1,470,344	1,193,917	1,753,733
2011	1	2,256,599	1,597,095	1,764,179
2011	2	1,887,415	1,315,490	1,488,932
2011	3	1,159,146	884,422	1,495,733

2011	4	812,937	629,388	1,252,282
2011	5	362,737	386,146	1,317,613
2011	6	197,057	275,773	1,224,908
2011	7	130,190	245,556	1,128,840
2011	8	109,540	265,246	1,330,064
2011	9	129,992	280,235	1,127,155
2011	10	220,993	369,968	1,236,577
2011	11	582,852	534,936	1,324,416
2011	12	1,029,157	823,760	1,534,479
2012	1	1,553,982	1,153,553	1,572,880
2012	2	1,438,229	1,077,674	1,461,039
2012	3	1,032,599	799,872	1,407,773
2012	4	393,169	466,895	1,330,098
2012	5	295,505	381,520	1,311,898
2012	6	145,204	309,508	1,266,107
2012	7	120,485	298,619	1,083,274
2012	8	110,628	283,038	1,235,545
2012	9	122,262	281,175	1,218,250
2012	10	218,102	382,873	1,371,973
2012	11	655,546	642,625	1,511,163
2012	12	1,097,183	891,718	1,524,450

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

164. Reference Gresham testimony at pages 8 and 9. For each model listed on pages 8 and 9, please provide the model and database (in electronic format) of independent and explanatory variables used for each model. The databases should include but not be limited to monthly historical customer count (by class), gas cost, throughput data, degree-days, price information and economic and demographic data.

Response:

Econometric model results are reported in Columbia's responses to AG data request number 1-56 and 1-156.

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

165. Please explain and provide all analyses supporting the system design day average temperature (heating degree days).

a. Please identify the weather station(s) in which the Company utilizes heating degree data for design day and weather nominalization purposes.

b. Please provide daily heating degree days for as long as available.

Please provide in hard copy as well as in electronic format.

Response:

a. The weather stations used for weather normalization are Huntington, WV and Lexington, KY.

b. The degree data is in a file on the separate CD. The file is labeled "Attachment 1, AG Set1-165.xlsx" and provides the historical daily temperatures and calculated degree days having a Balance Point Temperature of 65°F.

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 166
Respondent: S. Mark Katko

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

166. Please provide a revised Schedule I-1 Sheet 1 of 1 for Filing Requirement 13-I from witness Katko (on pages 108-110 of Volume #8), so that it will contain the same breakdown of Revenues & Expenses as Schedules C-2.1A & C-2.1B from witness Katko (on pages 53-56 of Volume #8).

Response:

Please refer to Attachment A of this response. Please note that this level of detail is not available for the years 2015 and 2016.

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARATIVE INCOME STATEMENTS

LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	MOST RECENT FIVE CALENDAR YEARS					BASE	FORECAST
			2008	2009	2010	2011	2012	8/31/2013	12/31/2014
			(1)	(2)	(3)	(4)	(5)	(6)	(7)
			\$	\$	\$	\$	\$	\$	
1		<u>OPERATING REVENUE</u>							
2		<u>SALES OF GAS</u>							
3	480	RESIDENTIAL	110,662,530	89,591,577	64,483,915	69,481,707	54,689,609	51,502,752	
4	481.1	COMMERCIAL	61,045,451	47,920,184	30,869,312	30,642,988	21,673,684	20,073,736	
5	481.2	INDUSTRIAL	2,550,768	1,482,106	1,034,134	1,386,480	1,316,437	1,086,839	
6	481.9	OTHER	0	0	0	0	0	0	
7		TOTAL SALES OF GAS	174,258,749	138,993,867	96,387,361	101,511,175	77,679,730	72,663,328	
8		<u>OTHER OPERATING INCOME</u>							
9	483	SALES FOR RESALE	243,259	205,268	106,089	128,094	72,753	76,269	
10	487	FORFEITED DISCOUNTS	192,713	209,255	493,928	572,294	406,197	356,864	
11	488	MISC. SERVICE REVENUES	147,314	133,474	139,469	131,252	149,536	139,623	
12	489	TRANSPORTATION OF GAS OF OTHERS	17,624,937	19,093,556	18,631,996	19,652,794	19,408,997	19,526,353	
13	493 - 495	OTHER GAS REVENUES (MISC./OFF SYSTEM SALES)	15,961,909	(2,308,681)	21,030,291	23,318,524	3,368,237	385,220	
14		TOTAL OTHER OPERATING INCOME	34,170,132	17,332,872	40,401,773	43,802,958	23,405,720	20,484,329	
15		TOTAL OPERATING REVENUE	208,428,881	156,326,739	136,789,134	145,314,133	101,085,450	93,147,657	
16		<u>OPERATING EXPENSES</u>							
17		<u>LIQUEFIED PETROLEUM GAS PRODUCTION EXPENSE</u>							
18	717	LIQUEFIED PETROLEUM GAS EXPENSE	706	1,127	1,529	1,660	1,590	1,888	
19	723	FUEL FOR LIQUEFIED PETROLEUM GAS PROCESS	0	0	0	0	0	0	
20	728	LIQUEFIED PETROLEUM GAS	0	0	0	0	0	0	
21	741	STRUCTURES & IMPROVEMENTS	0	0	0	0	0	0	
22	742	PRODUCTION EQUIPMENT	0	0	71	0	0	0	
23		TOTAL LIQUEFIED PETROLEUM GAS PROD. EXPENSE	706	1,127	1,600	1,660	1,590	1,888	

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARATIVE INCOME STATEMENTS

LINEACCOUNT NO. NO. (S)	ACCOUNT TITLE	MOST RECENT FIVE CALENDAR YEARS					BASE	FORECAST
		2008	2009	2010	2011	2012	8/31/2013	12/31/2014
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		\$	\$	\$	\$	\$	\$	\$
1	<u>OPERATION AND MAINTENANCE EXPENSE ACCOUNTS</u>							
2	<u>OTHER GAS SUPPLY EXPENSES - OPERATION</u>							
3	801-803 NATURAL GAS FIELD & TRANSMISSION LINE PURCH	172,231,551	50,758,577	82,332,325	88,741,717	43,257,742	39,865,730	37,489,274
4	804 NATURAL GAS CITY GATE PURCHASES	2,784,691	2,073,128	1,665,682	1,436,498	669,542	782,046	742,362
5	805 OTHER GAS PURCHASES	882,776	27,547,097	(14,424,246)	2,852,961	1,536,270	(12,973,500)	1,484,724
6	806 EXCHANGE GAS	(9,492,973)	7,822,628	2,954,482	747,456	(6,129,739)	(5,735,102)	(5,196,533)
7	807 PURCHASED GAS EXPENSE	390,527	512,609	450,395	437,621	433,465	436,993	444,434
8	808 GAS WITHDRAWN FROM STORAGE	(11,525,301)	14,493,570	6,736,905	(7,883,647)	3,702,894	25,242,347	2,598,267
9	812 GAS USED FOR OTHER UTILITY OPERATIONS	(182,156)	(93,547)	(99,795)	(78,097)	(57,771)	(40,217)	0
10	813 EXCHANGE FEES	5,543	0	27,598	0	16,204	0	0
11	TOTAL OTHER GAS SUPPLY EXPENSES - OPERATION	155,094,658	103,114,062	79,643,346	86,254,509	43,428,607	47,578,296	37,562,527
12	<u>DISTRIBUTION EXPENSES - OPERATION</u>							
13	870 SUPERVISION AND ENGINEERING	744,256	645,682	941,512	688,018	677,858	803,198	739,639
14	871 DISTRIBUTION LOAD DISPATCHING	29,360	28,470	31,187	13,269	14,568	26,815	14,970
15	874 MAINS AND SERVICES EXPENSES	2,029,869	2,095,499	2,613,867	2,741,803	2,773,513	2,838,794	2,717,526
16	875 MEASURING AND REGULATION STA. EXPENSE - GEN.	194,388	227,444	249,120	228,705	269,975	219,990	281,584
17	876 MEASURING AND REGULATION STA. EXPENSE - IND.	35,557	36,949	47,893	58,656	87,797	76,224	90,656
18	878 METERS AND HOUSE REGULATOR EXPENSE	1,658,102	1,564,353	1,608,320	1,519,001	1,512,433	1,515,039	1,555,509
19	879 CUSTOMER INSTALLATIONS EXPENSE	1,147,102	1,314,967	1,488,173	1,394,523	1,444,097	1,498,775	1,490,068
20	880 OTHER EXPENSE	1,590,193	1,456,019	1,350,065	1,317,120	1,059,086	1,056,366	1,079,577
21	881 TELECOMMUNICATION EXPENSE - ENGINEERING	71,889	75,517	80,367	80,430	81,901	85,739	84,056
22	TOTAL DISTRIBUTION EXPENSES - OPERATION	7,500,716	7,444,900	8,410,504	8,041,525	7,921,228	8,120,939	8,053,585
23	<u>DISTRIBUTION EXPENSES - MAINTENANCE</u>							
24	885 SUPERVISION AND ENGINEERING	97,266	64,538	16,026	14,287	13,737	13,692	14,127
25	886 STRUCTURES AND IMPROVEMENTS	87,172	117,773	142,392	151,676	211,725	246,692	198,504
26	887 MAINS	1,458,640	1,590,537	1,410,568	1,178,452	1,531,168	1,417,177	1,539,020
27	889 MEASURING AND REGULATION STA. EXPENSE - GEN.	113,855	125,937	155,155	181,098	283,500	217,359	286,632
28	890 MEASURING AND REGULATION STA. EXPENSE - IND.	104,514	151,532	72,749	68,844	101,405	75,932	106,563
29	892 SERVICES	471,009	490,943	453,343	427,858	231,514	238,431	299,696
30	893 METERS AND HOUSE REGULATORS	97,411	176,786	234,182	209,316	239,164	197,572	236,623
31	894 OTHER EQUIPMENT	173,649	208,945	208,163	262,404	336,988	364,610	349,152
32	TOTAL DISTRIBUTION EXPENSES - MAINTENANCE	2,603,516	2,926,991	2,692,578	2,493,935	2,949,201	2,771,465	3,030,317

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARATIVE INCOME STATEMENTS

LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	MOST RECENT FIVE CALENDAR YEARS					BASE	FORECAST
			2008	2009	2010	2011	2012	8/31/2013	12/31/2014
			(1)	(2)	(3)	(4)	(5)	(6)	(7)
			\$	\$	\$	\$	\$	\$	\$
1		<u>CUSTOMER ACCOUNTS EXPENSES - OPERATION</u>							
2	901	SUPERVISION	6,434	6,485	6,637	6,374	6,975	7,018	7,176
3	902	METER READING EXPENSES	1,219,043	1,284,811	1,476,636	1,494,021	1,473,257	1,428,382	1,379,366
4	903	CUSTOMER RECORDS & COLLECTIONS - UTIL. SERV	2,648,121	2,609,677	2,940,775	3,179,745	3,122,230	3,108,696	3,262,985
5	904	UNCOLLECTIBLE ACCOUNTS	2,451,089	1,991,631	1,230,283	594,185	534,473	731,066	839,477
6	905	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSES	1,908	1,361	995	1,524	1,695	1,800	1,973
7	921	OFFICE SUPPLIES AND EXPENSES	515	273	272	3,532	287	319	321
8	935	MAINTENANCE OF GENERAL PLANT	155	0	0	0	0	0	0
9		TOTAL CUSTOMER ACCOUNTS EXPENSE	6,327,265	5,894,238	5,655,598	5,279,381	5,138,917	5,277,281	5,491,298
10		<u>CUSTOMER SERVICE & INFORMATION - OPERATION</u>							
11	907	SUPERVISION	30,327	47,991	38,314	40,066	41,062	55,199	45,693
12	908	CUSTOMER ASSISTANCE EXPENSES	148,563	41,086	292,401	996,356	1,155,118	998,732	(59,385)
13	909	INFORMATIONAL AND INSTR. ADVERT. EXPENSES	55,709	44,934	57,810	44,737	48,748	54,271	54,103
14	910	MISCELLANEOUS CUSTOMER ACCOUNT EXPENSE	502,292	521,041	525,080	450,181	357,953	362,474	397,189
15	921	OFFICE SUPPLIES AND EXPENSES	7,042	3,744	3,711	2,358	2,047	3,337	2,289
16	935	MAINTENANCE OF GENERAL PLANT	14	0	0	0	0	0	0
17		TOTAL CUST. ACCOUNTS EXPENSES - OPERATION	743,947	658,796	917,316	1,533,698	1,604,928	1,474,013	439,889
18									
19		<u>SALES EXPENSES</u>							
20	911	SUPERVISION	2,634	0	0	0	0	0	0
21	912	DEMONSTRATING AND SELLING EXPENSES	43,417	48,315	30,710	10,539	33,385	46,117	17,545
22	913	ADVERTISING EXPENSE	5,525	905	729	85,123	38,659	53,433	3,932
23	916	MISCELLANEOUS SALES EXPENSE	(1)	0	0	0	0	0	0
24		TOTAL SALES EXPENSES	51,575	49,220	31,439	95,662	72,044	99,550	21,477

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013 - 00167
COMPARATIVE INCOME STATEMENTS

LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	MOST RECENT FIVE CALENDAR YEARS					BASE	FORECAST
			2008	2009	2010	2011	2012	8/31/2013	12/31/2014
			(1)	(2)	(3)	(4)	(5)	(6)	(7)
			\$	\$	\$	\$	\$	\$	\$
1		<u>ADMINISTRATIVE AND GENERAL EXPENSES - OPERATION</u>							
2	920	ADMINISTRATIVE AND GENERAL SALARIES	999,080	989,319	1,162,483	1,100,057	1,107,536	1,191,445	1,118,082
3	921	OFFICE SUPPLIES AND EXPENSES	311,019	426,957	280,228	353,514	480,292	519,125	515,522
4	923	OUTSIDE SERVICES EMPLOYED	7,111,835	8,072,461	8,059,703	8,765,353	9,341,809	9,747,073	9,820,857
5	924	PROPERTY INSURANCE PREMIUMS	116,906	99,876	94,186	82,880	83,150	90,165	95,653
6	925	INJURIES AND DAMAGES	688,690	879,495	936,298	940,914	804,311	857,102	870,589
7	926	EMPLOYEE PENSIONS AND BENEFITS	1,065,360	3,114,460	2,722,523	1,914,522	2,557,757	3,197,725	2,257,606
8	927	UTILITY AND FUEL	0	0	0	0	0	0	0
9	928	REGULATORY COMMISSION EXPENSE	302,664	373,344	405,464	299,674	269,664	264,462	458,995
10	929	DUPLICATE CHARGES	0	0	0	0	0	0	0
11	930	GENERAL MISCELLANEOUS GENERAL	53,245	42,772	41,970	13,466	22,794	22,882	18,813
12	931	RENTS	6,958	5,812	7,045	12,871	10,750	10,927	11,102
13		TOTAL ADMIN. AND GENERAL EXP. - OPERATION	10,655,757	14,004,496	13,709,900	13,483,251	14,678,063	15,900,904	15,167,219
14		<u>ADMINISTRATIVE AND GENERAL EXPENSES - MAINTENANCE</u>							
15	935	MAINTENANCE OF GENERAL PLANT	225	225	225	0	545	483	518
16		TOTAL ADMIN. AND GEN. EXP. - MAINTENANCE	225	225	225	0	545	483	518
17		TOTAL OPERATION AND MAINT. EXP. ACCOUNTS	182,978,365	134,094,055	111,062,506	117,183,621	75,795,123	81,224,624	69,768,718
18	403-404	DEPRECIATION AND AMORTIZATION	5,600,958	5,793,138	5,943,474	6,182,943	6,676,553	6,962,687	11,548,354
19	408	TAXES OTHER THAN INCOME TAXES	2,569,465	2,559,094	2,573,476	2,770,426	2,913,004	3,045,278	3,525,110
20	409 - 411	FEDERAL INCOME TAXES	5,534,504	4,260,607	5,473,404	5,678,791	4,423,548	3,729,569	760,801
21	409 - 411	STATE INCOME TAXES	1,007,560	743,138	864,376	875,040	544,181	656,331	145,714
22		TOTAL OPERATING EXPENSES	197,690,852	147,450,032	125,917,236	132,690,821	90,352,409	95,618,490	85,748,697
23		NET OPERATING INCOME	10,738,029	8,876,707	10,871,898	12,623,312	10,733,041	12,381,115	7,398,960

COLUMBIA GAS OF KENTUCKY, INC.
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LINE NO.	ACCOUNT NO. (S)	ACCOUNT TITLE	MOST RECENT FIVE CALENDAR YEARS					BASE	FORECAST
			2008	2009	2010	2011	2012	8/31/2013	12/31/2014
			(1)	(2)	(3)	(4)	(5)	(6)	(7)
			\$	\$	\$	\$	\$	\$	\$
1		<u>OTHER INCOME (DEDUCTIONS)</u>							
2		<u>INCOME FROM INVESTMENT IN SUBSIDIARY</u>							
3	418	NON-OPERATING INCOME	46,313	45,588	17,694	49,728	28,600	9,097	0
4		<u>INTEREST INCOME AND OTHER, NET</u>							
5	417	NON-UTILITY REVENUE	766,019	587,340	547,131	535,975	447,206	443,481	444,000
6	419	INTEREST AND DIVIDEND INCOME	871,901	336,115	318,145	897,082	784,298	593,891	369,000
7	421	MISC. NONOPERATING INCOME	2,059,945	2,937,720	3,458,385	1,949,936	1,583,404	1,832,751	2,100,000
8	426	OTHER MISC. DEDUCTIONS	<u>(286,022)</u>	<u>(333,699)</u>	<u>(314,250)</u>	<u>(390,916)</u>	<u>(343,325)</u>	<u>(372,681)</u>	<u>(332,000)</u>
			3,411,843	3,527,476	4,009,411	2,992,077	2,471,583	2,497,442	2,581,000
9		<u>INTEREST EXPENSE & RELATED CHARGES</u>							
10	430	INTEREST EXPENSE - PARENT COMPANY DEBT	(3,586,177)	(4,057,435)	(4,083,824)	(4,659,432)	(4,672,201)	(4,913,281)	(5,109,000)
		INTEREST EXPENSE OTHER - CONTIGENT TAXES, RATE							
11	431	REFUNDS, CUSTOMER DEPOSITS	(176,676)	(201,644)	(159,156)	(169,244)	(87,686)	(49,445)	(50,000)
12	432	AFUDC	30,518	21,558	34,136	17,818	42,384	49,165	90,000
13		TOTAL OTHER INCOME	(3,732,335)	(4,237,521)	(4,208,844)	(4,810,858)	(4,717,503)	(4,913,561)	(5,069,000)
14		NET INCOME	10,463,850	8,212,250	10,690,159	10,854,259	8,515,721	9,974,093	4,910,960

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Response to AG's Data Request Set One No. 167
Respondent: S. Mark Katko

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

167. Please provide copies of any existing Labor Agreements and any source documents, work papers and underlying data being used in any current or future labor negotiations.

Response:

Please see Attachment A of this response for the current labor agreement.

AGREEMENT

BETWEEN

COLUMBIA GAS TRANSMISSION LLC

COLUMBIA GAS OF KENTUCKY, INCORPORATED
COLUMBIA GAS OF OHIO, INCORPORATED

AND

UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND
SERVICE WORKERS INTERNATIONAL UNION
LOCALS 372 AND 628

CHARLESTON, WEST VIRGINIA
DECEMBER 1, 2011

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Respondent: S. M. Katko

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THIS AGREEMENT, made and entered into this 1st day of December 2011, by and between COLUMBIA GAS TRANSMISSION LLC, COLUMBIA GAS OF KENTUCKY, INC., and COLUMBIA GAS OF OHIO, INC., all corporations for their employees as represented in the bargaining unit, established by the NLRB elections (and see the determination in NLRB Cases 9-UC-91, 9-UC-92, and 9-RC-12428), their successors and assigns, hereinafter referred to as the "Company," party of the first part, United Steel, PAPER, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, LOCALS NOS. 372 and 628, its successors and assigns, hereinafter referred to as the "Union," party of the second part, and UNITED STEEL PAPER and FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL, and SERVICE WORKERS INTERNATIONAL UNION, its successors and assigns, hereinafter referred to as the party of the third part:

WITNESSETH

WHEREAS, the Company is engaged in furnishing essential public services which vitally affect the health, safety, comfort, and well-being of a large majority of the population in the territory covered by its operations, and its very existence is dependent upon the faithful carrying out of its obligations and responsibility to the public; which responsibility is recognized by the parties hereto as being imposed upon the Management and employees of the Company mutually, and that properly to fulfill the same requires that any disputes arising between them be adjusted and settled in an orderly manner without interruption of the Company's services to the public:

WHEREAS, the parties have, through collective bargaining in accordance with the law, agreed upon the incidents of the employment relationship on a contractual basis; and,

WHEREAS, it is the desire of the Company and the Union to continue the policy and practice of nondiscrimination because of race, color, religion, age, sex, disability, veteran and Vietnam era veteran, or national origin; and

WHEREAS, while certain job classifications and pronoun references are in the male gender, it is understood that they do not refer exclusively to males and corresponding feminine gender usages will be substituted when appropriate.

NOW, THEREFORE, it is agreed by the parties hereto as follows:

ARTICLE I Obligations

Section 1. It is recognized that the Company is engaged in rendering a public service and is under the duty to the public of operating and maintaining its public utility service without interruption, and therefore nothing contained in this Agreement shall be construed to conflict or to be incompatible with such duty.

Section 2. It is agreed that during the term of this contract, or during any period of time while negotiations are in progress between the parties hereto for the continuance or renewal of this contract, that there shall be no lockouts, strikes, stoppage of work, or interruption of service to the public.

Section 3. It is agreed that the Company will not discriminate, coerce, or intimidate any member of the Union on account of his membership in the Union. The Union agrees that its officers and members will not solicit membership in the Union among employees of the Company when said employees are on duty or Company property, and will not interfere with or restrain or coerce employees of the Company in attempting to influence them to be members of the Union.

ARTICLE II Recognition

Section 1. The Company recognizes the Union as the exclusive representative of all the employees, as such term is defined and delimited in Section 3 of this Article, for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment: Provided, that any individual employee or a group of employees shall have the right at any time to present grievances to the Company and to have such grievances adjusted, without the intervention of the Union, as long as the adjustment is not inconsistent with the terms of this Agreement: Provided, further, that the Union has been given opportunity to be present at such adjustment.

Section 2. It is agreed that there shall be no hindrance or interference with the Management of the Company in its several departments, including the determination of the Company policy, which does not interfere with the conditions of this Agreement as affecting wages, hours of work, and working conditions. All rights of Management, except insofar as the same are expressly modified in the terms of this Agreement, are hereby reserved to the Company, and the Company specifically has the power and the right to manage the business and direct the working forces, including but not limited to, the right to hire, suspend, or discharge for proper cause, promote, demote, to transfer employees from one job to another (provided, however, that no employee may be permanently transferred from one basic seniority unit to another, without his permission), to lay off employees in accordance with seniority, as specified herein, to reduce working hours, to move or to close any departments or other segments of the business because of lack of work, or to otherwise generally manage the Company's business.

Nothing in this Section shall be construed to supersede or nullify any of the provisions contained in other Articles.

Section 3. (a) The term "employee," as used in this Agreement, shall include all production and maintenance employees of the Company in the said bargaining unit, but shall exclude all clerical, supervisory, executive, administrative, professional, temporary employees, and all others excluded by law. "Temporary employees" are hereby defined to mean those employees hired for a specific project or for a specified length of time.

(b) In accordance with the requirement of Section 1, hereunder, an employee will be classified as a Regular employee following any six-months' period. Provided, that he meets the Company's requirements as to ability and efficiency, integrity, and physical fitness: Provided, further, that he has submitted record of birth which is satisfactory to the Company. The Company will provide the Union President an assessment/evaluation of the probationary employee's

progression after three (3) months. If requested, an update will be presented to the Union President in the fourth and fifth month of the probationary period.

(c) An employee shall lose his classification as a Regular employee under the following conditions:

- (1) Resignation.
- (2) Discharge for cause.
- (3) Acceptance of other employment except as provided in Article V hereof.
- (4) Refusal to accept reemployment within 72 hours after receipt of notification by the Company that employment is available in the basic seniority unit from which the employee was laid off because of lack of work. Such notice may be given by letter at the employee's last known address, by telephone, or by personal contact.
- (5) Layoffs of more than one year duration, except in the case of employees with fifteen (15) or more years of accredited service, in which case it shall be layoffs of more than four-years' duration.

(d) The Company agrees to notify the Union of an offer of reemployment made by the Company to an employee. Such notice will be either a copy of the notice sent to the employee or will be a notice stating in which other manner the employee was notified.

(e) The performance of non-bargaining unit work by bargaining unit employees will be on a voluntary basis.

ARTICLE III Supervisors Performing Production and Maintenance Work

Under normal operating conditions, supervisors are not assigned duties that are usually performed by production and maintenance employees.

Supervisors are expected to devote full time to their supervisory duties under normal operating conditions. This policy does not, however, prevent supervisors from performing such necessary functions as job instruction or training of employees; inspecting work, either in progress or completed; operating equipment and facilities in experimental or initial testing operations; and operating in emergency situations or where the safety of people or facilities is in jeopardy.

ARTICLE IV Check Off

It is agreed that all employees, including current employees as of the effective or execution date of this Agreement and all employees who thereafter have become or may hereafter become members of the Union, shall remain members of the Union in good standing for the duration of this Agreement as a condition of continued employment by the Company; and further that all new employees covered by this Agreement hired after the date of this Agreement,

shall, after thirty (30) days of employment, become members of the Union and remain members in good standing for the duration of this Agreement as a condition of continued employment. Good standing shall mean only the payment of the initiation fee and periodic dues.

The International Union and Locals No. 372 and 628 agree to protect the Company under this section and to refund to the Company money that may be involved in the event a member from whose earnings, dues, and initiation fees shall have been deducted by the Company should resort to or cause legal action to be taken against the Company because of such deductions.

ARTICLE V Leave of Absence for Union Activity

Upon written request fifteen (15) days in advance by the Local Union, the Company shall grant a leave of absence to not more than two employees for Union activities. An employee elected to a Union position or selected by the Union to do work which takes him from his employment with the Company shall, upon the written request of the Union, receive a temporary leave of absence for the period of his services for the Union. Upon his return, providing his seniority qualifies him, such employee shall be reemployed to his job or at work generally similar to that in which he was engaged last prior to his leave of absence, and his seniority shall accumulate throughout the period of his leave of absence. Such leave of absence shall be made and granted yearly, subject, however, to the provision of Article IX hereof.

ARTICLE VI Bulletin Boards

The Company will provide bulletin boards of at least 2' by 2' to be placed on its property where they may be seen by employees entering and leaving their places of employment. Such boards shall be used exclusively by the Union, such use to be confined exclusively to posting on said boards notices pertaining to dues, meetings, and other usual, regular and bonafide activities of the Union, it being the intention hereof that the Union will not use said boards for the direct solicitation of membership in the Union.

ARTICLE VII Seniority

Section 1. For seniority purposes, the Companies shall be divided into the following separate basic seniority units. However, employees laid off from one basic seniority unit will be given preference in case of hiring by another basic seniority unit, if the laid off employee(s) is qualified.

- I. Columbia Gas Transmission LLC
 - A. St. Albans Area Basic Seniority Units as follows:
 - 1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:
 - Alexandria, KY
 - Boldman, KY
 - Grant, WV

Respondent: S. M. Katko

Huff Creek, WV
Inez, KY
Lockwood, KY
Mt. Olivet, KY
St. Albans, WV
Winchester, KY

2. Compressor Seniority Units consisting of work locations at:

Boldman, KY
Ceredo, WV
Grant, WV
Hamlin, WV
Hubball, WV
Huff Creek, WV
Inez, KY
Kenova, WV

B. Clendenin Basic Seniority Units as follows:

1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:

Clendenin, WV
Cobb, WV
Coco, WV
Frametown, WV
Glenville, WV
Lanham, WV
Ripley, WV
Rockport, WV
St. Albans, WV (Building Services, Trucking, Gas Measurement, Warehouse & Yard)

2. Compressor Seniority Units consisting of work locations at:

Clendenin, WV
Cobb, WV
Coco, WV
Frametown, WV
Glenville, WV
Hunt, WV
Lanham, WV
Ripley, WV
Rockport, WV
Walgrove, WV

3. Charleston Building Services

C. Strasburg Basic Seniority Units as follows:

1. Pipelines Seniority Unit (includes Gas Measurement and Telecommunications) consisting of work locations at:

Cleveland, WV
Elkins, WV
Glady, WV
Pickaway, WV
Seneca, WV
Terra Alta, WV

2. Compressor Seniority Unit consisting of work locations at:
Cleveland Compressor Station
Files Creek Compressor Station
Glady Compressor Station
Hardy Compressor Station
Lost River Compressor Station
Seneca Compressor Station
Terra Alta Compressor Station

II. Columbia Gas of Kentucky, Inc.

- A. Lexington Distribution Seniority Unit consisting of the following work locations:

Frankfort, KY
Irvine, KY
Lexington, KY
Maysville, KY
Paris, KY
Winchester, KY

- B. Ashland Distribution Seniority Unit consisting of the following work locations:

Ashland, KY
Inez, KY
East Point, KY

III. Columbia Gas of Ohio, Inc.

- A. Ironton Distribution Seniority Unit consisting of the following work location:

Ironton, OH

Section 2. Seniority shall be established upon the date the employee is classified as a Regular employee and shall relate back to the date six (6) months next preceding such classification.

Section 3. It is agreed, except as set out, that the Company will in all cases of

promotion, demotion, transfer, and decrease or increase of personnel, consider the following factors, and where factors (a) and (b) are, in the opinion of the Company, relatively equal, seniority shall govern.

- (a) Training, ability, skill and efficiency
- (b) Physical fitness
- (c) Seniority shall govern in the following order:
 - (1) In the basic seniority unit
 - (2) In the respective Company (that is, TCO, CKY or COH)
 - (3) Within the Bargaining Unit

In making transfers, the Company will give special consideration to any employee who has previously submitted a request for transfer and will attempt to avoid transferring any employees who prefer not to be transferred.

Nothing in this Section shall be construed to supersede or nullify any of the provisions contained in other Articles.

Section 4. In the event of a "reduction in force," layoff, or closing of a facility, which results in a net decrease of personnel within the respective Company (that is, TCO, CKY, or COH), the following process shall apply:

- (a) When an employee is displaced as described above, he may exercise his bargaining unit seniority over the most junior employee within his same classification either within his basic seniority unit or within the respective Company (that is, TCO, CKY, or COH) or, if qualified, over the most junior employee in any classification at the work location or in his basic seniority unit. This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (b) The displaced employee from (a) may then exercise his bargaining unit seniority over the most junior employee in his same classification within the respective Company (that is, TCO, CKY, or COH) or, if qualified, over the most junior employee in any classification in the respective Company. This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (c) If an employee is displaced in (b) he, if qualified, may then exercise his bargaining unit seniority over the most junior employee in the respective company (that is, TCO, CKY, or COH). This process shall continue until the employee is deemed qualified over the next junior employee or is unable to exercise his seniority.
- (d) If in any of the preceding steps an employee elects not to or can no longer exercise his seniority, he will be the individual that is displaced.

- (e) In all other Section 3 situations, such as re-allocation of the workforce, Article II, Section 2 and Article VII, Section 3 will govern.
- (f) If the cause of the reduction in force is a direct result of contracting out, then the provisions of Article VIII will apply.

Section 5. Whenever an employee is permanently transferred from one basic seniority unit to another, he shall be considered a new employee insofar as his seniority in the new basic seniority unit so transferred to, is concerned. However, such employee shall retain his Company seniority and also the seniority he had accumulated in the basic seniority unit from which he was transferred. It is understood that the temporary transfer of an employee will in no way affect his seniority status, and the Company shall be required to notify the employee involved as to the temporary or permanent nature of the work.

Section 6. For seniority purposes, each employee shall be credited, except as otherwise provided, with all periods of actual service accruing after the commencement day of said seniority and, in addition thereto, shall be credited with time lost resulting from (a) jury service or serving as a witness under Court subpoena; (b) layoffs of not more than six-months' duration; (c) illness or injury regardless of duration; (d) service in the military forces of the United States or service upon being drafted in an essential war industry by the Government: Provided, however, that such accrued time shall not continue for a period more than that required by law after discharge or release from such service.

Section 7. An employee shall lose his seniority rights under the same terms that he loses his classification as a Regular employee, as provided in Article II, Section 3(c) of this Agreement.

Section 8. The Companies shall furnish the Secretaries of the Union with the seniority list for each Basic Seniority Unit on an annual basis. Said seniority list shall show the employee's Bargaining Unit Seniority Date, Company Seniority Date, and Basic Seniority Unit Date.

Section 9. The Company agrees, upon request, to review with employees or their representatives any cause of layoff, transfer, or rehire, or promotion affecting a worker's seniority status, or any training situation involving one or more employees in which an injustice is alleged and, in the event an injustice is done, will rectify such injustice, provided such request is made within thirty days from the date the injustice first occurred. If no agreement is reached, the matter will assume the status of a controversy subject to the grievance and arbitration procedure provided for in Articles XXVIII and XXVIX hereof, and the Arbitrators shall have the right to reverse a Company decision in matters relating to Section 3 hereof when there is proof of abuse of the Company's discretion.

ARTICLE VIII **Contracting Out**

Pursuant to Article II, Section 2 of this Agreement, the parties understand that the Company may elect to use independent contractors. However, it is further understood that the Company shall not so contract any work which is performed by its Regular employees which will directly result in one or more Regular employees being laid off. It is further understood that if any Regular employee is permanently transferred to a new work station as the direct result of such contracting out of work, the Company shall pay the employee's reasonable costs and expenses incurred incident to such transfer in an amount not less than those specified and provided for the

applicable employees in the respective Company's current Transfer of Personnel Policy.

ARTICLE IX Physical Examinations

Section 1. The Company may, in cases of frequently recurring absences from duty, or in other exceptional cases, require an examination of any Regular employee by a physician of his own choosing as a condition of continued employment. If the Company is not satisfied with the report of the physician chosen by the employee, the Company may require a reexamination of such employee by a physician chosen by the Company. If the two examinations are not in accord, then the physician chosen by the employee and the one chosen by the Company may elect a third physician to make an examination of such employee, and the decision of the third shall be final.

ARTICLE X Employee Disability Plans

The Short-Term Disability Plan

The purpose of the Short-Term Disability Plan is to provide all employees, as defined in Article II, Section 3(a) of this Agreement, greater economic security by providing wage allowances during the periods when such employees may be absent from work by reason of a disability due to personal illness, injury, or serious illness or accident.

Eligibility Requirements

To be eligible for such allowances under this Plan, the employee must:

- A. Be classified as an employee, as defined in Article II, Section 3 (a), of this Agreement.
- B. Permit examination or inquiry by the Company, and furnish a physician's certificate upon request, and must have reported the cause of absence at or as soon after the beginning of the first scheduled working day of absence as the circumstances (including the nature of the disability or illness) reasonably permit.

Basis for Determining Pay

- A. Short-Term Disability payments will be computed on the basis prescribed by Article XII of this Agreement.
- B. Only absences of four hours or more will be charged against an employee's Short-Term Disability allowance.

- C. Short-Term Disability payments will not be allowed for disability incurred while an employee is on leave of absence, furlough, suspension from work, for an illness or injury which may obviously be the result of the employee's own misconduct, or, except as hereinafter provided, for disability which is compensatory under the Workers' Compensation Law of the State of employment or any State or Federal Disability Law.
- D. For the purpose of this plan, employees will be credited with one calendar year of service as of the December 31 following date of employment and shall be credited with an additional year on each subsequent December 31.
- E. When a period of continuous absence extends from one calendar year into the next, the Short-Term Disability allowance is continued until any unused portion of the maximum allowance based on the credited calendar years of service at the beginning of such continuous absence has been paid. On the expiration of benefits, the time allowable for the current calendar year will not commence until after the employee has returned to work.
- F. Payment by the Company to an employee absent for disability compensatory under the State Workers' Compensation Laws, or any State or Federal Disability Law, shall be limited to the difference between the amount of compensation receivable and the Short-Term Disability allowance under this plan.
- G. You may receive short-term disability benefits for up to eight (8) hours, twice per calendar year, if a sudden onset of a serious illness or injury to your immediate family prevents you from working, and the medical situation is such that it absolutely requires the employee be in attendance. This time allows the employee to make arrangements for care of the family member and/or be available to make treatment decisions for medical emergencies. Subject to supervisory approval the time necessarily absent from work shall not exceed a reasonable period.

Schedule of Payments

Post January 1, 2004, the "Schedule of Payments" is as follows:

Years of Service	Maximum Benefit		
	Period	Weeks at Full Pay	Weeks at 60% Pay
1 to 9	26	8	18
10 to 19	26	16	10
20 and above	26	26	0

The preceding "Schedule of Payments" represents the maximum allowance for absence permitted an employee on account of personal illness or for serious illness.

Prior to January 1, 2004, where an employee has 20 years or more of service, a special recommendation will be made by the supervisor and submitted to the Management for consideration for extension beyond the above disability schedule.

If an employee is absent due to personal illness, injury, or serious illness or accident, the time necessarily absent from work shall not exceed a reasonable period: Provided, however, that if an employee is absent from work due to death in his immediate family, such absence shall not be charged against the benefits to which such employee is entitled; however, such absence from work for any such death shall not exceed a reasonable period.

In all cases of excusable absence from work, the employee is expected to return as soon as reasonably possible, and failure to do so will give the Company the privilege of modifying the above schedule as to such employee in such manner as it shall deem advisable under the circumstances.

Employees With Less Than One Year's Service

When an employee with less than one credited calendar year of service is absent because of personal illness, injury, or serious illness or accident, a recommendation of time off with pay not to exceed a total of five (5) days will be considered.

The Long-Term Disability Plan

The purpose of the Long-Term Disability Plan is to provide all employees, as defined in Article II, Section 3(a) of this Agreement, additional economic security during periods of total disability.

Eligibility for Coverage

All employees are automatically covered by the Plan on a noncontributory basis beginning with the first day they are actively at work.

Commencement and Duration of Benefits

- A. An employee will be eligible for Long-Term Disability income, subject to the exceptions in this Section, if his disability prevents him from performing his own duties and engaging in any other reasonable occupation for 26 consecutive weeks: Provided, that separate periods of disability are considered as one continuous period if they arise from the same or related causes and are interrupted by no more than six months of active service. Once started, LTD benefits beginning before age 60 will continue to age 65 or until recovery, whichever occurs first. LTD benefits beginning at age 60 or after will continue for five (5) years after payments begin under the Plan, or to age 70, or until recovery, whichever occurs first. Proof of disability will be required before an employee can qualify for benefits, and the insurance company may require proof, from time to time, that the disability still exists.
- B. No benefits are payable for a disability starting during the first twelve months of an employee's participation in the Long-Term Disability Plan if the disability is connected with an illness or injury for which the employee received medical treatment or services during the three-month period just before his participation began.
- C. During furloughs (but not layoffs) and approved leaves of absence (except for military service), an employee's Long-Term Disability Plan coverage will continue for the first two months of leave.

- D. No benefits will be payable for disabilities resulting from intentional self-inflicted injury, or insurrection, riots, war (declared or undeclared), etc., or commission of, or an attempt to commit, a crime.

Long-Term Disability Income

- A. Any employee who qualifies for Long-Term Disability will receive a monthly benefit equal to 50% of his base monthly pay. The monthly disability income benefit payable from these plans will be reduced by amounts received from any retirement, unemployment, Workers' Compensation, or disability benefits provided under any state or federal plan, except Social Security or if you receive other forms of compensation or disability benefits from Columbia. Any primary Social Security disability benefits which are payable or may become payable to the employee will not affect the Long-Term Disability benefit, except that total disability income from all above sources may not exceed 70% of the employee's base monthly salary.
- B. The full amount of Columbia's portion of an employee's Group Life Insurance continues in force as long as he is receiving Long-Term Disability benefits. An employee's Accidental Death and Dismemberment Insurance coverage will be suspended during his period of total disability.

Contributions by Employees

Long-Term Disability Plan coverage at the 50% level will be noncontributory and participants may elect to purchase additional coverage at the 60% level.

Miscellaneous Provisions

- A. An employee may continue coverage under Columbia's Comprehensive Medical Expense Plan for his eligible dependents by paying the normal employee monthly contribution rate.
- B. If the Long-Term Disability Group Insurance Contract is terminated, the employee's Long-Term Disability rights under this Plan will terminate: Provided, however, that an employee who is totally disabled when the Group Insurance Contract is terminated will continue to be covered by the Long-Term Disability Plan.

Further, termination of employment will terminate rights under this Plan.

- C. The preceding paragraphs set forth the basic features of the Long-Term Disability Plan and are subject to the provisions of the Long-Term Disability Group Insurance Contract with Aetna Life Insurance Company or a successor Insurer.

**ARTICLE XI
Vacations**

EMPLOYEES HIRED BEFORE JANUARY 1, 2000

Full Years of Service Completed	Vacation Eligibility granted January 1	Total Hours
At least 1 year, but less than 3 years at December 31	2 weeks granted the following vacation year	80
3 to 9 years at December 31	3 weeks granted the following vacation year	120
10 to 23 years at December 31	4 weeks granted the	160

	following vacation year	
24 to 33 years at December 31	5 weeks granted the following vacation year	200
34+ years at December 31	6 weeks granted the following vacation year	240

**EMPLOYEES HIRED OR REHIRED
AFTER JANUARY 1, 2000 AND BEFORE JANUARY 1, 2013**

Full Years of Service Completed	Vacation Eligibility granted January 1	Total Hours
At least 1 year, but less than 3 years at December 31	2 weeks granted the following vacation year	80
3 to 9 years at December 31	3 weeks granted the following vacation year	120
10 or more years at December 31	4 weeks granted the following vacation year	160

**EMPLOYEES HIRED OR REHIRED
AFTER JANUARY 1, 2013**

Full Years of Service Completed	Vacation Eligibility granted January 1	Total Hours
At least 1 year, but less than 3 years at December 31	3 weeks granted the following vacation year	120
4 or more years at December 31	4 weeks granted the following vacation year	160

Vacation bonus of 5 days at every 5 year service intervals.

Employees hired any time during the month of December will, for vacation purposes only, be deemed to have been hired on the first day of December.

Retiring employees (either normal or early retirement) will receive payment for vacation time accrued during the year of retirement. The payment will be computed on the basis of 1/12 of the vacation eligibility for each full month of service in his final calendar year up to the date he enters retirement status. Vacation eligibility will be determined on the basis of total years of service as of the end of the final calendar year of employment. A vacation payment for employees who become deceased will be made for vacation time accrued during the year in which death occurs. The payment will be computed on the basis of 1/12 of the vacation eligibility for each full month of service in his final calendar year up to the date he becomes deceased. Vacation eligibility will be determined on the basis of total years of service as of the end of the calendar year of employment. Payment to the survivor(s) of the deceased employee will be made in accordance with the laws of the state in which he was a resident.

Eligibility Requirements

To be eligible for vacation, the employee must:

- A. Be classified as a Regular employee, and
- B. Be actively employed at the time the vacation is scheduled to commence.

General

- A. The vacation period will extend from January 1 through December 31 of each year. Upon reasonable notice, an employee may request that his vacation be scheduled for any period between these two dates.
In order that the service of the Company may be adequately and properly maintained, the Company reserves the right to fix the time at which a vacation may be taken, but will endeavor in all cases to arrange such vacation at a time desired by the employee. Upon approval of an employee's request the time set will be considered as the employee's scheduled vacation period.
However, the Company recognizes that from time to time employees are confronted with unusual situations that conflict with their scheduled vacation. When this occurs, employees may request a change in their scheduled vacation. This request must be submitted ten days in advance to the requested change. Vacation may be deferred within the calendar year if the employee is hospitalized prior to commencement of vacation, with proper prior notice to his supervisor. Upon receipt of the employee's request, the supervisor will grant the request, provided it does not interfere with either the operations of the Company or the previously scheduled vacation of other employee(s).
- B. Vacation will commence upon the first normal work day or shift from which the employee is absent on account of vacation, and will run consecutively for the vacation period to which he is entitled.
- C. An employee will be entitled to receive an additional day of vacation for a holiday observed by the Company which occurs within his scheduled vacation period, if such holiday occurs within his regularly scheduled work week.
- D. An employee with two (2) weeks or more vacation allowance may split one (1) week of said vacation allowance into one (1) or more full days. An employee with four (4) weeks or more vacation allowance may split two (2) weeks of said vacation allowance into one (1) or more full days. Employees should submit their request for split week vacation allowance as required under Paragraphs A and M herein; however, when unforeseen circumstances occur and reasonable notice thereof is afforded to the Company, an employee will be granted a change in his split vacation allowance if it does not interfere with the operations of the Company or the previously scheduled vacation of other employee(s).
- E. It shall not be permissible to postpone a vacation from one year to another, nor to draw vacation pay in lieu of a vacation, except as noted in Paragraphs F, G, H, I, and J, below.
- F. An employee whose retirement has been approved will be entitled to receive a vacation, or to draw vacation pay in lieu of such vacation, in the year in which the retirement takes place.
- G. An employee entitled to a vacation, who is laid off due to lack of work, will be entitled to receive vacation pay in lieu of such vacation. A furloughed employee who accepts temporary reemployment and who is entitled to a vacation will have the option to take vacation pay in lieu of such vacation or to have his vacation rescheduled to a time in the vacation period after he returns to his former job.

- H. An employee who resigns or is discharged will be entitled to receive vacation pay in lieu of such vacation, if otherwise eligible.
- I. Regular employees entitled to a vacation who enter Military Service will be entitled to vacation pay in lieu of vacation in the year in which they enter Military Service, and also in the year in which they return to the Company from Military Service: Provided, however, that they do not enter Military Service and return from Military Service in the same year.
- J. Eligible employees may exercise a vacation carryover option subject to the following requirements:
 - (1) Employees eligible for two (2) weeks vacation must take two weeks of vacation and will not be eligible for carry over. Up to 40 hours of carry over may be approved with management's discretion.
Employees eligible for three (3) or more weeks of vacation may apply for a vacation carryover for only that portion of the vacation allowance in excess of two (2) weeks.
 - (2) Vacations will normally be taken in units of five (5) days, except that employees may be granted permission to split their vacation into lesser full day periods.
 - (3) The right to exercise the carryover option shall be subject to the approvals provided in Subparagraph A above.
 - (4) The request for carryover must be made in writing by the employee no later than December 1 of the vacation period preceding that in which the carryover is to be effective.
 - (5) Vacation weeks carried over must be taken during the immediately following vacation period.
- K. The survivor(s) of an employee, who is deceased prior to receiving a vacation to which he would have been entitled, shall receive pay in lieu of vacation. Payment will be made in accordance with the laws of the State in which he was a resident.
- L. Employees will be given an opportunity to signify, in writing, prior to the 15th day of March, upon a list to be furnished by the Company and posted in each Department, their choices of vacation dates: Provided, however, that any employee desiring his vacation between January 1 and April 1 must make arrangements with his supervisor. Seniority shall be given paramount consideration.

ARTICLE XII Off-Duty Pay

All authorized off-duty pay for such purposes as vacations, holidays, illness, jury service, or for any other reason provided herein shall be at the rate of pay of the employee's regular classification for the number of hours regularly scheduled to work. The foregoing provisions of this Article are, however, subject to the provisions of Article X hereof.

ARTICLE XIII Termination Pay

Nothing herein contained shall be construed to interfere with the right of the Company to

suspend or discharge or lay off an employee for just cause: Provided, however, that when a reduction in the Regular personnel is necessary, the employees whose services are to be discontinued shall be given five days' advance notice thereof; and in the event such notice is not given, the Company will pay such employee the equivalent of five days' pay at his regular rate. The respective Company agrees that if there is a need to reduce its regular personnel during the term of the Agreement, due to a "reduction in force," layoff, or closing of a facility, which affects one or more employees, to meet with the Union to discuss the provisions of a special severance program which may be available.

ARTICLE XIV Leaves of Absence

Section 1. When its business permits, the Company may grant a leave of absence to an employee, upon request, for a period of not to exceed three months, for any reason other than for the purpose of seeking or accepting other employment. Such leave of absence may also be extended for a similar period, if mutually agreed upon between the Company and the employee.

Section 2. All leaves of absence in excess of thirty days shall be in writing, and a copy thereof furnished the employee and the Union.

Section 3. Before the expiration of any leave of absence in excess of thirty days, or an extension thereof, the employee shall apply for reinstatement and, if he is physically qualified to perform his former duties, shall be reinstated. The Company may require, as a condition precedent to reinstatement, a physical examination, as provided for in Section 2 of Article IX.

Section 4. If such employee does not apply for reinstatement before expiration of the period of the leave of absence, or if he accepts other employment during such leave of absence without the written consent of the Company, or if he is physically unqualified to perform his accustomed work his employment with the Company will cease and terminate.

Section 5. Upon reinstatement of the employee at the expiration of leave of absence, he shall resume his employment in the job classification which he left with the Company and shall receive his seniority and other benefits to which he was entitled at the time his leave was commenced.

ARTICLE XV Safety

The parties hereto agree that safety of employment is of vital importance both to the Company and the employee, and further agree that no employee shall be required to perform any work, unless reasonably proper safeguards are maintained. An inspection of any equipment may be secured at all reasonable times upon the recommendation of any employee working on or near such equipment. The local Worker's Committee may meet with the Operations Manager and if not satisfied, then with the Management, for the purpose of discussing the elimination of hazards in order to prevent accidents.

ARTICLE XVI Pay Days

Section 1. The Company shall pay its employees on a bi-weekly basis. Employees shall have the option to have direct deposit of their checks or to have their checks mailed directly to the residence or mailed to be in the hands of the supervisors for delivery by them to the employees on the mornings of alternate Friday pay days. Whenever a regular pay day falls on a recognized holiday, the Company shall endeavor to have the checks to the employees as elected above on the workday preceding the holiday.

Section 2. Employees' pay shall be made available at the work station closest to them during regular office hours or mailed directly to their residence. However, employees whose hours begin and end at other than regular office hours of the Company shall be paid at their job site. Employees who live and work at locations distant from their work stations shall have their pay checks mailed to them.

Section 3. There shall be a two week lag for the payment of exception pay by the Company. At the time the exception pay is paid, the Company will provide information to the employee identifying the period of time for which the employee is being paid exception pay.

ARTICLE XVII Lunch Period

Section 1. Each employee shall be entitled to a lunch period after the employee has been on duty for four hours. The length of time for said lunch period shall be reasonable and shall be fixed by agreement between the Worker's Committee and the Company, or a representative thereof.

Section 2. Whenever continuous overtime work of two hours or more is required and at intervals of four hours subsequent thereto, the Company shall, for each and every occurrence, furnish the employee a meal at its own expense and afford the employee an opportunity of eating same, or in lieu thereof such employee shall be paid \$17.00 for each occurrence.

Section 3. Whenever a call-out involves continuous work of five (5) or more hours, the Company shall, after four (4) hours, furnish the employee a meal at its expense and afford the employee an opportunity of eating same, or in lieu thereof such employee shall be paid \$17.00. The foregoing requirement shall not apply in the case of an employee who is called out to perform a scheduled shift.

ARTICLE XVIII Schedule of Hours

Section 1. Time and one-half shall be paid for all overtime in excess of eight hours on any work day, and for all overtime in excess of forty hours in any one work week: Provided, that no employee shall be paid both daily and weekly overtime on account of the same hours of overtime worked: Provided, further, that an employee shall not be laid off in order to avoid overtime payments.

Section 2. All work performed on Sunday by other than shift workers shall be paid for at the rate of double-time the employee's regular rate: Provided, however, that such premium payments for Sunday work shall be credited against any weekly overtime which may accrue.

Section 3. When an off-duty employee is called out to work outside of his regular hours, he shall receive:

- (a) overtime pay at the time and one-half rate for the hours actually worked on the call-out; plus
- (b) a call-out allowance at the straight-time rate for the difference between the hours actually worked and four hours.

If a call-out involves four or more hours of work, the call-out allowance shall not be payable, inasmuch as all hours are at the overtime rate: Provided, that for the purpose of determining call-out pay, the period of any call-out shall not extend past the commencement of the affected employee's next regular work period.

Section 4. CKY/COH (Ironton) Only: Callout Acceptance – The standard amount of individual callout overtime acceptance required shall be 33% for the first year of the program. All employees who achieve a 33% or higher rate during the first 12 month period shall revert to an annual callout acceptance of at least 25%. Any employee who does not achieve the 33% rate in the first year will remain at the 33% performance level. Individual performance levels will be evaluated for all employees on an annual basis. Failure to meet this requirement of callout overtime will be addressed by management on a case by case basis.

Performance expectations around callout acceptance will be evaluated by management on an ongoing basis and employees may be moved up or down between the 25% and 33% expectation rates based on their individual performance.

Special consideration will be given to the following, but not all inclusive of:

- (a) Emergency Response
- (b) Continuous Overtime
- (c) Volume of Calls

Employees would not be held accountable for the above percentage while on approved sick time or any scheduled approved vacation.

All employees will receive a quarterly update of their callout performance and the Union will receive a quarterly list of the entire local (subject to implementation of an automated call-out system).

Callout percentages will be discussed at union management meetings and reviewed quarterly on a case by case basis.

Section 5. When an employee reports for work as scheduled or as requested under other circumstances than those covered by Section 3 of this Article, he shall receive the greater of (a) his appropriate rate for the hours worked or (b) four hours' pay at straight-time: Provided, that such reporting pay shall not be payable if four hours prior to the time for reporting, the employee is notified by the Company not to report. If as much as five hours' work is done, he shall be compensated for a full day's work at straight-time.

Section 6. TCO ONLY: When an off-duty employee is called after his/her normal work schedule, regarding an operational problem and not required to report to work under the call-out procedures, they shall receive:

- (a) A minimum of 1 hour pay at the appropriate overtime rate for each call-up of 15 minutes or less.
- (b) Should the call-up occur after midnight, but before 5:00am, he/she shall receive 2 hours of straight pay for call-up of 15 minutes or less.

Section 7. Each employee shall be given at least one week's prior notice of any change in

his regular day off or any change in his scheduled shift. Upon failure of the Company to give such notice, such employee shall receive premium pay at the rate of time and one-half his regular rate for the first eight hours worked on his first previously scheduled day off, or on his changed shift: Provided, that an employee shall not receive any premium pay under this Section when such employee's own schedule is changed:

- (a) at his request,
- (b) as the result of his filling a job under the posting procedure, or
- (c) as a result of his placement because of his physical disability.

Section 8. Any employee who works a double shift at the request of the Company shall receive premium pay at the rate of time and one-half his regular rate for the second shift: Provided, however, that any such premium pay shall be credited against any daily or weekly overtime which may have accrued.

Section 9. Overtime at the rate of time and one-half shall be paid for hours worked in excess of eight in the case of continuous work, even though two different work days are involved. In addition, whenever an employee is required to work more than sixteen (16) consecutive hours, he shall be paid for all consecutive hours worked in excess of sixteen (16) at two (2) times his straight-time rate until released from duty by the Company: Provided, however, that any such premium pay shall be credited against any daily or weekly overtime which may have accrued.

Section 10. When a call-out or prescheduled overtime is required, it shall be apportioned as reasonably practicable among qualified employees, who are either permanently or temporarily assigned to the work location. Consideration will then be given to the available employee in the classification that normally performs the work including those temporarily assigned employees who have been assigned or upgraded into a "fill-in" position for normal operations for 30 or more consecutive work days. A record of the overtime hours worked by each employee will be posted monthly by Columbia Gas Transmission LLC, Columbia Gas of Kentucky, Inc., and by Columbia Gas of Ohio, Inc. If an employee is excused from an overtime assignment which he has been requested to perform, his overtime record shall be charged with the same number of hours as that of the employee who actually performed the overtime work.

When continuous overtime is required by the Company, the employee(s) who is working on the job will be allowed to work the overtime. The Company will not be required to pay for time not worked under this section; however, the Company will endeavor to equalize the overtime as reasonably as practicable.

Section 11. Whenever an employee has worked in excess of sixteen (16) hours, whether continuous or non-continuous, within a twenty-four (24) hour period (start of shift to start of shift makes up the 24 hour period) and has been released from duty by the Company, the employee, when possible, should be entitled to an eight (8) hour rest period before their return to work.

Whenever an employee has worked more than 13 hours but less than 16 actual hours continuous or non-continuous, within a twenty-four (24) hour period (start of shift to start of shift makes up the 24 hour period) and has been released from duty by the company, the employee, when possible, should be entitled to a five (5) hour rest period before returning to work.

If the rest period extends into the employee's regular scheduled shift, they shall be excused with pay at their straight time rate for that part of their regular scheduled shift necessary to make up the eight (8) or five (5) hour rest period. In the event that an employee is required to work during such rest period, they shall receive straight time pay for the hours worked in addition

to rest-period pay.

Whenever an employee is required to work more than sixteen (16) consecutive actual hours, they shall be paid for all hours worked in excess of sixteen (16) at two (2) times straight time rate until released from duty by the Company.

Employees on call-out/standby will be required to complete on call period into their next shift.

Section 12. Paid vacation time, jury duty, short term disability, and military leave shall be considered as time worked for the purpose of computing overtime.

ARTICLE XIX Classifications

Section 1. An employee entering a classification shall receive the rate of pay shown in Addendum A. An employee required to work temporarily in a lower job classification shall, nevertheless, receive his achieved classified rate set forth in Addendum A. Further, an employee permanently reclassified to, or required to work temporarily in another job in the same job grade, shall retain his achieved classified rate set forth in Addendum A.

Section 2. Except as provided in the following paragraphs in this section, an employee required to work temporarily in a higher job classification shall receive the Replacement Rate therefore set forth in Addendum A.

An employee who has attained a higher regular job classification and who was demoted shall receive the highest rate which he had attained whenever he is required to work in such higher job classification.

An employee who works temporarily in a higher job classification shall receive credit toward the higher rates for all hours worked in such higher job classification. When an employee has amassed 1,040 work hours in such capacity, he shall thereafter receive the Six-Month Rate for work in the higher classification. When he has amassed an additional 1,040 work hours in such capacity, he shall receive the Twelve-Month Rate for work in the higher classification. An employee who has attained a higher regular job classification, and who was demoted, shall have the number of actual work hours in such higher regular job classification credited toward the aggregate 1,040 work hour periods set out in this paragraph.

Notwithstanding the preceding provisions, when upgrading is used to fill a position on a daily basis for a period of 130 work days in any calendar year, and, if the Company thereafter determines a permanent vacancy exists, this vacancy will be posted in accordance with provisions of Article XXV hereof.

Section 3. An employee is considered to be promoted when he is permanently reclassified to a job in a higher job grade. At the same time, except as provided in the following paragraphs of this section, his rate shall be increased to the Beginning Rate set forth in Addendum A, and in due course to the Six-Month Rate and to the Twelve-Month Rate.

An employee who has attained such regular job classification, and who was demoted, shall receive the highest rate which he had attained when he is again promoted to that classification.

In addition, the proper rate for an employee who has been promoted will be determined as follows:

- (a) Employees who have amassed between 520 and 1040 hours in the classification to which they were promoted will receive the Six-Month Rate.

Employees who have amassed between **1,040 and 2080** hours in such classification to which they were promoted, will be credited with the Twelve-Month Rate. Employees with less than 520 hours will be awarded the beginning rate and progression will be time based.

Section 4. An employee is considered to be demoted when he is permanently reclassified to a job in a lower job grade. At the same time, his wage shall be reduced to the Twelve Month Rate set forth in Addendum A for such lower job.

Section 5. A Regular employee who is furloughed for lack of work and who is offered temporary reemployment by the Company shall be entitled to receive his regular classified rate of pay while performing temporary work during the period of his furlough, even though he is employed on work of a lower classified rate of pay.

For the purpose of this Section 5, a furloughed employee shall be construed to mean one laid off for lack of work, but whom the Company intends to recall upon the resumption of operations at his regular place of employment.

ARTICLE XX Wearing Apparel

Section 1. In conformity with the present practice of the Company, employees required to work under extreme weather conditions shall, if possible, be furnished with rain coats and rubber boots, which shall remain the property of the Company. Upon failure of any employee to return such apparel, he shall be charged for same, and said charge may be deducted from any sum due such employee by the Company: Provided, however, that where the Company requires its employees to wear a particular kind of apparel, the Company agrees to furnish same in the first instance, the cost of replacement, however, to be borne 75% by the Company and 25% by the employee.

Section 2. The Distribution Company agrees to furnish the first two (2) pairs of coveralls or the option of one (1) pair of coveralls and one (1) two-piece set of work clothing (Carhartt) and the first two (2) T-shirts to outside Distribution Plant employees, excluding employees who are required to wear a uniform. Distribution employees may substitute a one-piece set of work clothing (Carhartt) for the aforementioned two-piece set of work clothing (Carhartt).

Section 3. The Distribution Company will provide annually \$400 allotment for purchase of wearing apparel through approved Company vendor. Allotment will be loaded annually at the same time as any applicable increases. The purchase of boots will be included in the above defined allotment and may be reimbursed through the aforementioned allotment. An employee must purchase boots that meet all safety requirements. Such clothing will be provided to new hires on the following basis: (a) The Distribution Company will provide the first two (2) pairs of coveralls or one (1) pair of coveralls and one (1) two-piece set of work clothing and the first two (2) T-shirts without cost.

Section 4. Columbia Gas Transmission employees will be provided annually \$275 allotment for purchase of wearing apparel through approved Company vendor. Allotment will be loaded annually at the same time as any applicable increases. In addition, up to \$135 reimbursement of boots will be provided on an annual basis or as needed at supervisor's discretion.

ARTICLE XXI Holidays

Holidays shall be:

New Year's Day
Memorial Day (last Monday in May)
Independence Day
Labor Day
Thanksgiving
The Day After Thanksgiving
Christmas
Five (5) Personal (Floating) Days*

*Only the Personal (Floating) Days may be taken in increments of four hours.

In the year of hire, new employees will be granted floating holidays as follows:

- Employees hired between January 1 and March 31 will be granted 4 floating holidays.
- Employees hired between April 1 and June 30 will be granted 3 floating holidays.
- Employees hired between July 1 and September 30 will be granted 2 floating holidays.
- Employees hired between October 1 and December 1 will be granted 1 floating holiday.

In order that the service of the Company may be adequately and properly maintained, the Personal (Floating) Days are established with the understanding that the Company reserves the right to fix the time at which the Holidays may be taken, but will endeavor to arrange the day, if possible, at a time desired by the employee. If any of the above holidays fall on Sunday, the following Monday shall be observed as the holiday, except when such Sunday falls on a regularly scheduled work day of an employee; and if any of the above holidays fall on Saturday, the preceding Friday shall be observed as the holiday, except when such Saturday falls on a regularly scheduled work day of an employee. Employees required to work on any of the above holidays shall be compensated for hours worked at the rate of two and one-half times their regular rate of pay for the first eight hours worked, and at the rate of time and one-half their regular rate of pay for any hours in excess of the first eight hours worked. Regular employees not working on any of the above holidays shall receive eight hours' pay at their regular rate; and further, if any observed holiday falls on one of their regularly scheduled work days, such holiday shall be considered as time worked for the purpose of computing overtime.

ARTICLE XXII Jury Duty

In the event a Regular employee is called for jury service, said employee shall request time off from his supervisor. The Company will pay the employee his regular base pay while serving such duty.

Shift workers who are selected to serve on a jury (Federal or State), and are scheduled to work an evening or morning shift, may request a schedule change as provided by Article XVIII, Section 5. The Company will endeavor to accommodate the employee's request as reasonably as practicable.

ARTICLE XXIII Travel and Expenses

Section 1. An employee temporarily assigned from his home work station to another work station for a specific project anticipated to require one or more days of work, or for a specified length of time of one or more days, shall be (a) allowed to travel from his residence on Company time when first reporting to work at the temporary work station and when returning to his residence when the Company decides that his services at the temporary station are no longer required; (b) afforded the opportunity to travel to his residence and back to his temporary station every other weekend on Company time; (c) when the nearest suitable temporary lodging is more than ten miles away from the temporary work station, allowed to travel on Company time for the distance over ten miles both in reporting to the temporary station each morning and in returning to the place of temporary lodging each night; and (d) reimbursed for his reasonable and actual cost of temporary lodging and meals while away from home and lawful travel expenses and other reasonable and actual expenses incurred while away from home: Provided, that in lieu of the foregoing travel time allowances and expense reimbursements, the Company will reimburse the employee for the actual cost of his mid-day meal and his actual daily travel expenses between his residence and the temporary station and back if the distance between his residence and the temporary station is reasonably close, and if such alternative does not impair or disrupt the work continuity, or create added expense, or adversely affect the employee's performance of his temporary assignment. An employee in a daily travel situation under the "proviso" portion of Section 1, under normal driving conditions, will travel the first thirty (30) minutes going to and returning from the temporary assignment each day on his own time. Any travel time required beyond thirty (30) minutes will be considered as time worked.

Section 2. For the purpose of CKY/COH an employee assigned to work outside the jurisdictional area of his home work station at the time of his mid-day meal will be eligible for lunch money allowance of \$5.30.

Section 3. For the purpose of mid-day meals at TCO an employee assigned to work outside the jurisdictional area of his home work station at the time of his mid-day meal will be eligible for a lunch money allowance of \$6.00. The respective Operations Manager's area of responsibility is defined as the jurisdictional area.

Section 4. During the term of this Agreement, the personal vehicle mileage reimbursement rate shall be the Internal Revenue Service rate applicable to that period.

ARTICLE XXIV Benefit Plans

The Company agrees to continue during the life of this agreement, the current Retirement Income Plan (through 12/31/2012), the Account Balance Pension Plan, Long Term Disability, Group Life Insurance and PPO Medical Plan, unless modified by mutual agreement between the Company and the Union. The Company reserves the right to change plan administrators and vendors, eliminate any other medical plans, and modify savings plan options, and modify plans to be compliant with all government regulations.

ARTICLE XXV

Job Posting and Bidding

Section 1. When a permanent vacancy which is to be filled occurs within any of the job classifications set out in Addendum A, except Utility or Janitor, the Company will post notice thereof, including the intended date the vacancy is to be filled, in the particular basic seniority unit involved (as set forth by Article VII, Section 3(c)(1)) for a period of not less than ten (10) days prior to the time such vacancy is to be filled, during which time any eligible employee in such basic seniority unit may apply therefor; provided, however, that if any employee accepts a job that does not involve a change in his job classification, he shall be ineligible to exercise his rights to apply for another job that does not involve a change in his job classification for a period of twelve months following the effective date of job acceptance (provided further that an employee may exercise his rights to apply for another job that does not involve a change in his job classification if his work location is closed). In the event a permanent vacancy which is to be filled occurs within either the Utility or Janitor job classifications, the Company shall forthwith proceed to consider those employees within the same basic seniority unit who had applicable Requests for Transfer on file at the time the vacancy occurred. Any such vacancy will be filled in accordance with the terms of this Agreement, and the Company will post the name of the employee awarded any such vacancy, within two weeks after the expiration of the ten-day posting period, at all such work locations within the same basic seniority unit.

Section 2. In the case of a permanent vacancy posted under Section 1 of this Article but not filled by a bidder and in the case of a permanent vacancy within either the Utility or Janitor job classifications, the Company shall forthwith proceed to consider the following Regular employee groups in the order listed:

- (a) employees working elsewhere but with seniority rights in the basic seniority unit in which the permanent vacancy exists, who had applicable Requests for Transfer on file when the original vacancy was posted; in the instance of a three (3) day Utility notice, the job will be awarded based on an employee's seniority in the bargaining unit.
- (b) laid off employees who still retain their classifications as Regular employees under Article II, Section 3(c) hereof;
- (c) surplus employees;
- (d) pre-surplus employees;
- (e) furloughed employees; and
- (f) other employees who had applicable Requests for Transfer on file when the original vacancy was posted.

Employees who have Requests for Transfer on file and refuse to accept an offered transfer shall be ineligible to exercise their rights to (a) and (f) above for a period of twelve (12) months following the effective date of the offered transfer.

Irrespective of the employee group from which the vacancy may be filled, such vacancy will be filled in accordance with the terms of this Agreement; and within twenty (20) days, the Company will notify the Union and the involved employees of the results of such review: Provided, that nothing in this Article or other Articles of this Agreement shall be construed as requiring the Company to offer to the involved employees the same job classification under this Section 2 that was not filled by posting under Section 1.

Section 3. In the case of a permanent vacancy posted under Section 1 but not filled under preceding sections of this Article, before filling said permanent vacancy with a person who is not a Regular employee, as defined in Section 3 of Article II of this Agreement, the Company shall post

notice of said permanent vacancy at all other work locations within the bargaining unit which is covered by this Agreement.

Such posting shall be for a period of not less than ten (10) days, during which time any eligible employee (except those in the basic seniority unit involved) may apply therefor.

Any such vacancy will be filled in accordance with the terms of this Agreement; and the Company will post the name of the employee awarded any such vacancy, within two weeks after the expiration of the ten-day posting period, at all such work locations: Provided, that nothing in this Article or other Articles of this Agreement shall be construed as requiring the Company to post the same job classification under Section 3 that was not filled under the preceding Sections of this Article.

Section 4. The Union and the Company, being appreciative of the fact that the prompt filling of vacancies is to their mutual advantage, agree that if the filling of a vacancy by the Job Posting and Bidding Procedure results in one or more additional, permanent vacancies (secondary vacancies) to be filled, the Company will endeavor to post such secondary vacancies at the time of the posting of the primary vacancy. The Company will process the filling of all vacancies with all reasonable dispatch.

Section 5. Newly hired employees shall be ineligible to bid on or transfer to another job for a period of twelve (12) months following the effective day of job acceptance, except where such bid would involve a promotion to a higher job classification. Nothing in this Section 5 shall be construed as limiting the Company's right to transfer or to reassign employees.

ARTICLE XXVI Emergency Response

Emergency response is the highest priority type of work or activity. To improve and ensure maximum emergency response in accordance with Gas Standards 6100.010(CG), an "Emergency Responder" rotation process shall be established to respond to all "PR and EI" orders.

All qualified employees, *with the minimum training of Customer Service B*, including but not limited to, plant, service, and construction shall be required to participate in the Emergency Responder rotation process.

PROCESS

1. A rotation process shall be established for designating "Emergency Responders" *and discussed with the Union.*
2. Emergency responders shall be determined by qualification and closest geographic proximity to an emergency regardless of work location *in the Bargaining Unit first. If an Emergency Responder responds to an emergency outside of the CKY/Ironton Operating Center area the response shall count toward the employee's callout acceptance percentage. If an Emergency Responder declines or does not respond to an emergency outside of his/her designated area, the non-response shall not count toward that employee's acceptance percentage.*
3. Emergency shall be defined as any "PR" or "EI" order.
4. Emergency responder rotation will be determined on a daily (24 hr.) or weekly basis as determined by management *and discussed with the Union to determine what would be best for that location and seniority shall prevail.*

5. The Gas Integration Center (IC) will be provided with one (1) contact number for each Emergency Responder that the employee will be available at for emergency response.
6. Each Emergency Responder is required to work the number of emergency response rotations assigned each year. However, with management approval, employees have the option to exchange/swap rotations provided they find a qualified replacement and make appropriate notifications to the IC and Front Line Leader. If no replacement is found, the assigned employee will be obligated to take the assigned "Emergency Responder" rotation.
 - A. In the case of a personal emergency, it is the employee's responsibility to directly contact their Front Line Leader.
 - B. Non-emergency replacements for special situations are the obligation of the employee and notification to the IC must be made at least 24 hours prior to the "Emergency Responder" rotation.
7. The order in which Emergency Responders are called shall be determined by management.
8. Emergency Responders shall be required to take a company vehicle home and if their community does not allow parking on the street, the Company will make arrangements to park the vehicle at an alternate location.
9. Emergency Responders will be determined by management.
10. Emergency Responder will be an agenda item at all Labor/Management meetings.

COMPENSATION

Emergency Responders on rotation will be paid \$25.00 for Monday thru Friday and \$35.00 Saturday, Sunday and Holidays.

Emergency Responders on rotation shall be entitled to Emergency Responder pay in addition to callout pay, if called.

ARTICLE XXVII Worker's Committee

Section 1. The Union shall elect not more than eight (8) members from Local 372 (to consist of at least one employee of Columbia Gas Transmission LLC, one employee of Columbia Gas of Kentucky, Inc., and one employee of Columbia Gas of Ohio, Inc.) and six (6) members from Local 628 to represent it in negotiations with the Company, those representatives to be the group herein referred to as the "Worker's Committee."

The foregoing shall have no effect upon the number of Worker's Committee members authorized under Article XXVIII to participate in the Grievance Procedure, except that at least one of the authorized Committee members so participating shall be an employee of the particular company involved in the grievance or controversy.

Section 2. The Committee above mentioned shall be selected from among and by the employees subject to this Agreement; and in order to be eligible for membership on such Committee, an employee must be a Regular employee of one of the Companies party to this Agreement, a member of the Union, and an American citizen.

Section 3. It is agreed that the Union will furnish the Company with a certified list of the members of said Committee and advise the Company, in writing, of any changes made therein from time to time, and only such members as have been duly certified by the Union shall be entitled to attend the meetings of said Committee and shall suffer no loss of pay therefor.

ARTICLE XXVIII Grievances

Section 1. Any employee may discuss with his immediate supervisor any complaint or other matter which he feels requires adjustment. The employee may be accompanied by his committeeman or his steward if he so desires.

Section 2. If a settlement is not obtained in Section 1 the employee or group of employees may seek redress as follows:

Step I. The aggrieved employee or group of employees shall present the grievance in writing, on forms to be supplied by the Company, to the appropriate immediate supervisor within thirty (30) calendar days after the occurrence giving rise to the grievance. The Operations Center Manager or the appropriate Operations Manager, as the case may be, and/or such other Company representative as he may designate shall within ten (10) days (excluding Saturday, Sunday and Holidays) investigate and meet with the aggrieved employee, or one member of a group of aggrieved employees, and not more than three (3) members of the Worker's Committee at a mutually agreed upon location. Within ten (10) days (excluding Saturday, Sunday and Holidays) after such meeting, the Company's decision shall be communicated in writing to the employee or employees concerned, the Worker's Committee, and the Secretary of the Local.

Step II. If results satisfactory to the employee or employees are not obtained in Step I, the case may then be submitted, in writing, within 30 days after the issuance of the Company's Step I answer for final determination by the Company to the designated Human Resources representative. The Company shall within thirty (30) days (excluding Saturday, Sunday and Holidays) or by mutual agreement, meet with the aggrieved employee, or one member of a group of aggrieved employees, and not more than three (3) members of the Worker's Committee. Within ten (10) days (excluding Saturday, Sunday and Holidays) after such meeting, the Company will communicate its decision in writing to the Union.

Section 3. It is agreed that if a grievance is not referred or appealed to the next Step within the specified time limits, as set out in Steps I and II above, it shall be considered settled without prejudice. The Management agrees that it will meet with the Worker's Committee at such times as may be agreeable, and those members of the Committee who are caused to lose time from their regular schedules because of such meetings shall suffer no loss of pay.

ARTICLE XXIX Arbitration

Section 1. If there arises any controversy between the employee or a group of employees and the Company, with respect to the interpretation of the provisions of this Agreement, or wherein there is alleged a violation of the terms of this Agreement, such controversy shall first be treated as an ordinary grievance and processed through the Steps, as provided for in Article XXVIII.

An earnest effort shall be made by the Company and the Union to reach an amicable adjustment of all grievances.

Section 2. In the event an amicable adjustment of a grievance, as defined in Section 1 of

this Article, cannot be reached by the grievance procedure as set out in Article XXVIII of this Agreement, the matter shall be submitted to Arbitration as provided in Section 3 hereof, after notice is given in writing within thirty (30) days after the completion of the grievance procedure. Unless notice is given within thirty (30) days as set forth above, the grievance shall be considered settled without prejudice.

Section 3. (a) If any controversy or grievance arising under the terms of this Agreement cannot be adjusted and settled in the manner above provided, the same shall be promptly submitted to a Board of Arbitration, to be selected as follows: One to be chosen without delay by the Company and one to be chosen without delay by the Union. These two shall meet within ten (10) calendar days; and if they cannot reach agreement, the Union arbitrator shall, within thirty (30) calendar days, notify the Company arbitrator of the Union's desire to select a third member to complete the Board of Arbitration. In the event such notice is not timely given, the matter shall be considered to have been settled. If these two cannot reach an agreement as to the selection of a third member, the Federal Mediation and Conciliation Service or another arbitration service mutually agreed to by the Company and the Union shall appoint said third member to complete the Board of Arbitration. When the third member has been thus selected, the parties will attempt to provide him with a joint statement of the issue to be arbitrated. The Board of Arbitration shall limit its decision to the issue or issues thus submitted by the parties and shall have no authority to amend, add to, or subtract from this Agreement. The decision of such Board of Arbitration shall be rendered without delay, and the decision of the majority of said Board shall be final and binding on all parties involved in such grievance and shall conclusively determine the same.

(b) If an employee's case is at any stage decided in his favor, he will be put in the same financial position by the Company as if it had been originally so decided and his seniority shall not be affected.

(c) Any number of grievances may be presented at the same arbitration hearing or hearings so long as the latest of those selected for hearing was appealed to arbitration no more than sixty (60) days after the date first was appealed to arbitration.

ARTICLE XXX

If any Court shall hold any part of this Agreement invalid, such decisions shall not invalidate the entire Agreement.

ARTICLE XXXI

This Agreement shall be effective from December 1, 2011, to the first day of December 2016, and, unless terminated at the end of that period by sixty (60) days' prior written notice from one party to the other, shall continue thereafter until terminated by either party on a sixty (60) days' written notice or amended by mutual consent.

ARTICLE XXXII

The United Steelworkers guarantees the Company performance of this Agreement by Local Unions Nos. 372 and 628 of the UNITED STEELWORKERS INTERNATIONAL UNION.

ARTICLE XXXIII

All notices in connection with the operation of this Agreement shall be mailed to:

Respondent: S. M. Katko

Employee and Labor Relations Manager
Columbia Gas Transmission LLC.
P.O. Box 1273
Charleston, West Virginia 25325

Manager of Human Resources
Sr. Human Resources Consultant
Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc.
2001 Mercer Road
Lexington, KY 40511

Secretary-Treasurer
Local 372
2355 Kentontown Road
Mt Olivet, Kentucky 41064

Financial Secretary
Local 628
38 Cromwell Estates Road
Clendenin, WV 25045

United Steelworkers International Union
5 Gateway Center
Pittsburgh, PA 25111

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives, this ___ day of _____, 2012:

COLUMBIA GAS TRANSMISSION LLC, COLUMBIA GAS OF KENTUCKY, INC. and COLUMBIA GAS OF OHIO, INC.

Lori Johnson
Manager, Human Resources

Jodi Falknor
Sr. Human Resources Consultant

Jovette Pino
Director, Employee and Labor Relations

Dreama Whitmire

Employee & Labor Relations Manager

United Steel, Paper and Forestry, Rubber, Manufacturing,
Energy, Allied Industrial and Service Workers International
Union AFL-CIP-CLC

Leo W. Gerard, International President

James D. English, International Secretary-Treasurer

Thomas M. Conway, International Vice-President
(Administration)

Fred Redmond, International Vice-President
(Human Affairs)

Ernest R. Thompson, Director District 8

Emmanuel S. Mason, Assistant to the Director

Brian P. Wedge, Staff Representative.

David A. Rutherford, President, Local 372

Curtis D. Edelman, President, Local 628

For Local 372

Phillip Messer

David Bailey

Chris Hedrick

Randall Clay

Merle E Lucas

Paul Dennin

Darrell Reffett

Rocky Mullins

For LOCAL 628

Mike Wood

Stephen Moore

Thomas Crosston

Stephen McDonald

Steve Bird

ADDENDUM A

COLUMBIA GAS TRANSMISSION LLC

The Job Classifications and Rates of Pay listed in the following schedules apply for the respective periods set forth below:

SCHEDULE 1

December 2011 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	31.54	31.95	32.31
A&E Mechanic B	29.83	30.25	30.55
A&E Mechanic C	28.17	28.30	28.64
Assistant Operator B	27.77	27.89	28.24
Building Facilities Electrician	31.18	31.59	31.95
Communications Repairman A	29.83	30.25	30.55
Communications Repairman B	27.77	27.89	28.24
Dis Instmt Mechanic A	29.83	30.25	30.55
Dist Instmt Mechanic AA	31.18	31.59	31.95
Dist Instmt Mechanic B	27.77	27.89	28.24
Dist Instmt Mechanic C	26.85	26.96	27.24
Groundskeeper	26.12	26.35	26.50
Heavy Equipment Operator	30.12	30.54	30.84
Janitor Night	23.84	23.96	24.16
Lead Janitor Night	24.83	25.00	25.24
Machinist	30.74	31.15	31.51
Maintenance Mechanic	31.18	31.59	31.95
Operating/Maint Man HDQ	29.83	30.25	30.55
Operating/Mntmn-Operating Cntr	28.58	28.87	29.25
Operator A	31.18	31.59	31.95
Operator B	29.83	30.25	30.55
Pipeliners	27.51	27.74	28.01
Pipeliners A	28.58	28.87	29.25
Pumper	27.77	27.89	28.24
Repairman	28.17	28.30	28.64
Roustabout A	28.58	28.87	29.25
Roustabout B	26.12	26.35	26.50
Truck Driver Heavy	28.58	28.87	29.25
Utility A	19.81	19.96	20.20
Utility B	18.63	18.78	18.88
Warehouseman	26.85	26.96	27.24
Welder A	28.58	28.87	29.25
Welder AA	29.83	30.25	30.55

Welder AAA

31.54

31.95

32.31

SCHEDULE 2

December 2012 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	32.18	32.59	32.96
A&E Mechanic B	30.43	30.86	31.17
A&E Mechanic C	28.74	28.87	29.22
Assistant Operator B	28.33	28.45	28.81
Buildng Facilities Electrician	31.81	32.23	32.59
Communications Repairman A	30.43	30.86	31.17
Communications Repairman B	28.33	28.45	28.81
Dis Instmt Mechanic A	30.43	30.86	31.17
Dist Instmt Mechanic AA	31.81	32.23	32.59
Dist Instmt Mechanic B	28.33	28.45	28.81
Dist Instmt Mechanic C	27.39	27.5	27.79
Groundskeeper	26.65	26.88	27.03
Heavy Equipment Operator	30.73	31.16	31.46
Janitor Night	24.32	24.44	24.65
Lead Janitor Night	25.33	25.5	25.75
Machinist	31.36	31.78	32.15
Maintenance Mechanic	31.81	32.23	32.59
Operating/Maint Man HDQ	30.43	30.86	31.17
Operating/Mntmn-Operating Cntr	29.16	29.45	29.84
Operator A	31.81	32.23	32.59
Operator B	30.43	30.86	31.17
Pipelinier	28.07	28.3	28.58
Pipelinier A	29.16	29.45	29.84
Pumper	28.33	28.45	28.81
Repairman	28.74	28.87	29.22
Roustabout A	29.16	29.45	29.84
Roustabout B	26.65	26.88	27.03
Truck Driver Heavy	29.16	29.45	29.84
Utility A	20.21	20.36	20.61
Utility B	19.01	19.16	19.26
Warehouseman	27.39	27.50	27.79
Welder A	29.16	29.45	29.84
Welder AA	30.43	30.86	31.17
Welder AAA	32.18	32.59	32.96

SCHEDULE 3

December 2013 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	33.15	33.57	33.95

Respondent: S. M. Katko

A&E Mechanic B	31.35	31.79	32.11
A&E Mechanic C	29.61	29.74	30.1
Assistant Operator B	29.18	29.31	29.68
Buildng Facilities Electrician	32.77	33.20	33.57
Communications Repairman A	31.35	31.79	32.11
Communications Repairman B	29.18	29.31	29.68
Dis Instmt Mechanic A	31.35	31.79	32.11
Dist Instmt Mechanic AA	32.77	33.20	33.57
Dist Instmt Mechanic B	29.18	29.31	29.68
Dist Instmt Mechanic C	28.22	28.33	28.63
Groundskeeper	27.45	27.69	27.85
Heavy Equipment Operator	31.66	32.1	32.41
Janitor Night	25.05	25.18	25.39
Lead Janitor Night	26.09	26.27	26.53
Machinist	33.15	33.57	33.95
Maintenance Mechanic	32.77	33.20	33.57
Operating/Maint Man HDQ	31.35	31.79	32.11
Operating/Mntmn-Operating Cntr	30.04	30.34	30.74
Operator A	32.77	33.20	33.57
Operator B	31.35	31.79	32.11
Pipeliners	28.92	29.15	29.44
Pipeliners A	30.04	30.34	30.74
Pumper	29.18	29.31	29.68
Repairman	29.61	29.74	30.1
Roustabout A	30.04	30.34	30.74
Roustabout B	27.45	27.69	27.85
Truck Driver Heavy	30.04	30.34	30.74
Utility A	20.82	20.98	21.23
Utility B	19.59	19.74	19.84
Warehouseman	28.22	28.33	28.63
Welder A	30.04	30.34	30.74
Welder AA	31.35	31.79	32.11
Welder AAA	33.15	33.57	33.95

SCHEDULE 4

December 2014 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	33.82	34.25	34.63
A&E Mechanic B	31.98	32.43	32.76
A&E Mechanic C	30.21	30.34	30.71
Assistant Operator B	29.77	29.90	30.28
Building Facilities Electrician	33.43	33.87	34.25
Communications Repairman A	31.98	32.43	32.76

Communications Repairman B	29.77	29.90	30.28
Dist Instmt Mechanic A	31.98	32.43	32.76
Dist Instmt Mechanic AA	33.43	33.87	34.25
Dist Instmt Mechanic B	29.77	29.90	30.28
Dist Instmt Mechanic C	28.79	28.90	29.21
Groundskeeper	28.00	28.25	28.41
Heavy Equipment Operator	32.30	32.75	33.06
Janitor Night	25.56	25.69	25.90
Lead Janitor Night	26.62	26.80	27.07
Machinist	32.96	33.40	33.79
Maintenance Mechanic	33.43	33.87	34.25
Operating/Maint Man HDQ	31.98	32.43	32.76
Operating/Mntmn-Operating Cntr	30.65	30.95	31.36
Operator A	33.43	33.87	34.25
Operator B	31.98	32.43	32.76
Pipelinier	29.50	29.74	30.03
Pipelinier A	30.65	30.95	31.36
Pumper	29.77	29.90	30.28
Repairman	30.21	30.34	30.71
Roustabout A	30.65	30.95	31.36
Roustabout B	28.00	28.25	28.41
Truck Driver Heavy	30.65	30.95	31.36
Utility A	21.24	21.40	21.66
Utility B	19.99	20.14	20.24
Warehouseman	28.79	28.90	29.21
Welder A	30.65	30.95	31.36
Welder AA	31.98	32.43	32.76
Welder AAA	33.82	34.25	34.63

SCHEDULE 5

December 2015 Rates

Job Classification	Beginning	6 Month	Max
A&E Mechanic A	34.50	34.94	35.33
A&E Mechanic B	32.62	33.08	33.42
A&E Mechanic C	30.82	30.95	31.33
Assistant Operator B	30.37	30.50	30.89
Building Facilities Electrician	33.43	33.87	35.25
Communications Repairman A	32.62	33.08	33.42
Communications Repairman B	30.37	30.50	30.89
Dist Instmt Mechanic A	32.62	33.08	33.42
Dist Instmt Mechanic AA	33.43	33.87	35.25
Dist Instmt Mechanic B	30.37	30.50	30.89
Dist Instmt Mechanic C	29.37	29.48	29.80

Groundskeeper	28.56	28.82	28.98
Heavy Equipment Operator	32.95	33.41	33.73
Janitor Night	26.08	26.21	26.42
Lead Janitor Night	27.16	27.34	27.62
Machinist	33.62	34.07	34.47
Maintenance Mechanic	33.43	33.87	35.25
Operating/Maint Man HDQ	32.62	33.08	33.42
Operating/Mntmn-Operating Cntr	31.27	31.57	31.99
Operator A	33.43	33.87	35.25
Operator B	32.62	33.08	33.42
Pipeliners	30.09	30.34	30.64
Pipeliners A	31.27	31.57	31.99
Pumper	30.37	30.50	30.89
Repairman	30.82	30.95	31.33
Roustabout A	31.27	31.57	31.99
Roustabout B	28.56	28.82	28.98
Truck Driver Heavy	31.27	31.57	31.99
Utility A	21.67	21.83	22.10
Utility B	20.39	20.55	20.65
Warehouseman	29.37	29.48	29.80
Welder A	31.27	31.57	31.99
Welder AA	32.62	33.08	33.42
Welder AAA	34.50	34.94	35.33

ADDENDUM A (continued)

COLUMBIA GAS OF KENTUCKY, INC. and COLUMBIA GAS OF OHIO, INC.
The following schedule of wages shall apply to the following classifications for the respective periods set forth below.

SCHEDULE 1

December 2011 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	28.58	28.87	29.25
Construction Coord - Ironton	30.01	30.42	30.70
Construction Coordinator	30.01	30.42	30.70
Construct-Regulator Oper	30.09	30.51	30.80
Customer Service A	28.83	29.13	29.51
Customer Service B	27.77	27.89	28.24
Customer Service Sr	31.18	31.58	31.97
Dispatcher A	27.94	28.05	28.42
General Utility A	29.83	30.25	30.55
General Utility B	27.77	27.89	28.24
Heavy Equip Operator	28.58	28.87	29.25
Inspector A	28.02	28.14	28.49
Inspector B	26.85	26.96	27.24
M&R Tech 1	31.44	31.83	32.22
M&R Tech 2	30.00	30.40	30.71
Measure Regulat Inspect B	27.77	27.89	28.24
Measurement & Reg Tech II	31.44	31.83	32.22
Meter Reader	26.85	26.96	27.24
Meter Reader*	23.52	24.77	26.00
P & S Combo	29.98	30.41	30.69
Plant/Service Combination	29.98	30.41	30.69
Regulator Inspector A	29.91	30.32	30.63
Regulator Inspector AA	31.09	31.51	31.87
Street Service A	28.78	28.94	29.28
Street Service B	26.85	26.96	27.24
Street Service C	26.12	26.35	26.48
Truck Driver	26.85	26.96	27.24
Truck Driver Heavy	27.77	27.89	28.24
Utility A	19.81	19.96	20.20
Utility B	18.63	18.78	18.88
Utility Representative	26.12	26.35	26.48
Welder A	28.58	28.87	29.25
Welder AA	29.83	30.25	30.55
Welder AAA	31.44	31.84	32.22
Welder B	27.77	27.89	28.24

SCHEDULE 2

December 2012 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	29.16	29.45	29.84
Construction Coord - Ironton	30.62	31.03	31.32
Construction Coordinator	30.62	31.03	31.32
Construct-Regulator Oper	30.70	31.13	31.42
Customer Service A	29.41	29.72	30.11
Customer Service B	28.33	28.45	28.81
Customer Service Sr	31.81	32.22	32.61
Dispatcher A	28.50	28.62	28.99
General Utility A	30.43	30.86	31.17
General Utility B	28.33	28.45	28.81
Heavy Equip Operator	29.16	29.45	29.84
Inspector A	28.59	28.71	29.06
Inspector B	27.39	27.50	27.79
M&R Tech 1	32.07	32.47	32.87
M&R Tech 2	30.60	31.01	31.33
Measure Regulat Inspect B	28.33	28.45	28.81
Measurement & Reg Tech II	32.07	32.47	32.87
Meter Reader	27.39	27.50	27.79
Meter Reader*	24.00	25.27	26.52
P & S Combo	30.58	31.02	31.31
Plant/Service Combination	30.58	31.02	31.31
Regulator Inspector A	30.51	30.93	31.25
Regulator Inspector AA	31.72	32.15	32.51
Street Service A	29.36	29.52	29.87
Street Service B	27.39	27.50	27.79
Street Service C	26.65	26.88	27.01
Truck Driver	27.39	27.50	27.79
Truck Driver Heavy	28.33	28.45	28.81
Utility A	20.21	20.36	20.61
Utility B	19.01	19.16	19.26
Utility Representative	26.65	26.88	27.01
Welder A	29.16	29.45	29.84
Welder AA	30.43	30.86	31.17
Welder AAA	32.07	32.48	32.87
Welder B	28.33	28.45	28.81

SCHEDULE 3

December 2013 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	30.04	30.34	30.74

Respondent: S. M. Katko

Construction Coord - Ironton	31.54	31.97	32.26
Construction Coordinator	31.54	31.97	32.26
Construct-Regulator Oper	31.63	32.07	32.37
Customer Service A	30.30	30.62	31.02
Customer Service B	29.18	29.31	29.68
Customer Service Sr	32.77	33.19	33.59
Dispatcher A	29.36	29.48	29.86
General Utility A	31.35	31.79	32.11
General Utility B	29.18	29.31	29.68
Heavy Equip Operator	30.04	30.34	30.74
Inspector A	29.45	29.58	29.94
Inspector B	28.22	28.33	28.63
M&R Tech 1	33.04	33.45	33.86
M&R Tech 2	31.52	31.95	32.27
Measure Regulat Inspect B	29.18	29.31	29.68
Measurement & Reg Tech II	33.04	33.45	33.86
Meter Reader	28.22	28.33	28.63
Meter Reader*	24.72	26.03	27.32
P & S Combo	31.50	31.96	32.25
Plant/Service Combination	31.50	31.96	32.25
Regulator Inspector A	31.43	31.86	32.19
Regulator Inspector AA	32.68	33.12	33.49
Street Service A	30.25	30.41	30.77
Street Service B	28.22	28.33	28.63
Street Service C	27.45	27.69	27.83
Truck Driver	28.22	28.33	28.63
Truck Driver Heavy	29.18	29.31	29.68
Utility A	20.21	20.36	20.61
Utility B	19.01	19.16	19.26
Utility Representative	27.45	27.69	27.83
Welder A	30.04	30.34	30.74
Welder AA	31.35	31.79	32.11
Welder AAA	33.04	33.46	33.86
Welder B	29.18	29.31	29.68

SCHEDULE 4

December 2014 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	30.65	30.95	31.36
Construction Coord - Ironton	32.18	32.61	32.91
Construction Coordinator	32.18	32.61	32.91
Construct-Regulator Oper	32.27	32.72	33.02
Customer Service A	30.91	31.24	31.65

Respondent: S. M. Katko

Customer Service B	29.77	29.90	30.28
Customer Service Sr	33.43	33.86	34.27
Dispatcher A	29.95	30.07	30.46
General Utility A	31.98	32.43	32.76
General Utility B	29.77	29.90	30.28
Heavy Equip Operator	30.65	30.95	31.36
Inspector A	30.04	30.18	30.54
Inspector B	28.79	28.90	29.21
M&R Tech 1	33.71	34.12	34.54
M&R Tech 2	32.16	32.59	32.92
Measure Regulat Inspect B	29.77	29.90	30.28
Measurement & Reg Tech II	33.71	34.12	34.54
Meter Reader	28.79	28.90	29.21
Meter Reader*	25.22	26.56	27.87
P & S Combo	32.13	32.60	32.90
Plant/Service Combination	32.13	32.60	32.90
Regulator Inspector A	32.06	32.50	32.84
Regulator Inspector AA	33.34	33.79	34.16
Street Service A	30.86	31.02	31.39
Street Service B	28.79	28.90	29.21
Street Service C	28.00	28.25	28.39
Truck Driver	28.79	28.90	29.21
Truck Driver Heavy	29.77	29.90	30.28
Utility A	21.24	21.40	21.66
Utility B	19.99	20.14	20.24
Utility Representative	28.00	28.25	28.39
Welder A	30.65	30.95	31.36
Welder AA	31.98	32.43	32.76
Welder AAA	33.71	34.13	34.54
Welder B	29.77	29.90	30.28

SCHEDULE 5

December 2015 Rates

Job Classification	Beginning	6 Month	Max
Building Maint Oper	31.27	31.57	31.99
Construction Coord - Ironton	32.83	33.27	33.57
Construction Coordinator	32.83	33.27	33.57
Construct-Regulator Oper	32.92	33.38	33.69
Customer Service A	31.53	31.87	32.29
Customer Service B	30.37	30.50	30.89
Customer Service Sr	34.10	34.54	34.96
Dispatcher A	30.55	30.68	31.07
General Utility A	32.62	33.08	33.42

Respondent: S. M. Katko

General Utility B	30.37	30.50	30.89
Heavy Equip Operator	31.27	31.57	31.99
Inspector A	30.65	30.79	31.16
Inspector B	29.37	29.48	29.80
M&R Tech 1	34.39	34.81	35.24
M&R Tech 2	32.81	33.25	33.58
Measure Regulat Inspect B	30.37	30.50	30.89
Measurement & Reg Tech II	34.39	34.81	35.24
Meter Reader	29.37	29.48	29.80
Meter Reader*	25.73	27.10	28.43
P & S Combo	32.78	33.26	33.56
Plant/Service Combination	32.78	33.26	33.56
Regulator Inspector A	32.71	33.15	33.50
Regulator Inspector AA	34.01	34.47	34.85
Street Service A	31.48	31.65	32.02
Street Service B	29.37	29.48	29.80
Street Service C	28.56	28.82	28.96
Truck Driver	29.37	29.48	29.80
Truck Driver Heavy	30.37	30.50	30.89
Utility A	21.67	21.83	22.10
Utility B	20.39	20.55	20.65
Utility Representative	28.56	28.82	28.96
Welder A	31.27	31.57	31.99
Welder AA	32.62	33.08	33.42
Welder AAA	34.39	34.82	35.24
Welder B	30.37	30.50	30.89

ADDENDUM B

The term "shift" within the meaning of this Agreement applies to operations wherein there is a change of one set of employees, that is, one or more employees, for another in order to maintain operations on a continuous or nearly continuous basis for at least three (3) or more consecutive days. A shift worker is an employee assigned to a shift for the above-stated purpose.

The term "day shift" means that shift worked during the daytime, normally beginning at 8:00 A.M., and ending at 4:00 P.M. The term "evening shift" refers to the shift immediately following the day shift, normally beginning at 4:00 P.M., and ending at midnight. The term "morning shift" refers to the shift immediately preceding the day shift, normally beginning at midnight and ending at 8:00 A.M.

There shall be paid a shift premium of differential to shift workers working on shifts other than the day shift as follows:

Evening Shift	\$1.60 per hour
Morning Shift	\$1.85 per hour

ADDENDUM C

When an employee operates a heavy-duty, rubber-tired, tractor-type mower on pipeline rights of way, said employee will receive the beginning rate to Pipeliner.

A Communication Repairman-B will receive the Communication Repairman-A's 12-month rate of pay while performing maintenance and repair work while on the tower.

ADDENDUM D

Non-Destructive Testing

Employees qualified to perform non-destructive testing procedures utilizing Magnaflux or Dye penetrant will be upgraded to 12-month rate Repairman when performing such duties.

Employees qualified to perform non-destructive testing procedures utilizing Ultrasonic will be upgraded to the 12-month rate of Operator B when performing such duties.

**COLUMBIA GAS TRANSMISSION LLC
COLUMBIA GAS OF KENTUCKY, INC.
COLUMBIA GAS OF OHIO, INC.
AND
UNITED STEELWORKERS
INTERNATIONAL UNION LOCALS 372 AND 628**

LETTER OF AGREEMENT

It is understood that the following will be applicable during the term of the present labor agreement executed December 1, 2011. Upon expiration of said agreement, the following are terminated:

1. Requests for Transfer and Bargaining Unit Wide Job Postings

The Company agrees to send the Union copies of all Requests for Transfer and all bargaining unit wide notices on Job Posting and Bidding that apply to Local 372 and 628.

2. Censure Reports

As a policy, censure reports are reviewed periodically by each supervisor to determine if the censure is still applicable to its original intent. Those not pertinent are destroyed.

To assure each employee concerned that the above procedure is followed, the Company will, beginning January 1, 1995, request each supervisor to review all censures on file and destroy those no longer deemed relevant. Censures still deemed material will be reviewed annually and treated as stated above. Affected employees will be notified when their censure is destroyed.

3. Utility Classification Vacancy Notices

Although Article XXV (Job Posting and Bidding) of the Agreement does not require the posting of a permanent Utility vacancy, the Company will give notice of available Utility job vacancies within the Operating Area in which the vacancy exists to insure that all employees are aware of these openings and can make their interests known and are given equal opportunity for advancement.

4. The Arbitration Opinion and Award issued by Marlin M. Volz in Grievance No. 12-74 on June 7, 1977, will be controlling on the parties insofar as the proper interpretation of the requirements of Article XVIII, Section 8.

While reference must be made to the full Arbitration Opinion, including the Award, for purposes of adhering to the determination of Mr. Volz for future disputes under Article XVIII, Section 8, the parties agree to the following:

Employee will be afforded opportunity to work overtime equal to the hours and rate of pay for which the employee was incorrectly deprived after the employee has selected three (3) dates within a one-week period for each eight (8) hours of remedial overtime.

5. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc. - Meter Reader Reimbursement for Personal Mileage

Effective December 1, 1997, the Company agrees to the following method of reimbursement for Meter Readers who are required to use their personal cars on Company Meter Reading assignments:

- A. For assignments that begin one-half mile or less from the Meter Reading reporting location, no allowance will be paid.
- B. For assignments that begin over one-half mile from the reporting location, \$4.73, per day will be paid plus an allowance equal to the Internal Revenue Service rate applicable for the period for mileage in excess of 15 miles.

NOTE: Mileage will be determined on the basis of miles driven from the reporting point to the start of the Meter Reading assignment, and for one trip through the Meter Reading book back to the reporting point.

6. Utility Progressions

A. Columbia Gas Transmission LLC

Those qualified employees having twenty-four (24) months of service in the Utility classification will be upgraded to the beginning rate of the Roustabout-B/Pipeliner B classification. Those eligible and qualified employees in the Pipeliner B classification will be upgraded to the beginning rate of the Pipeliner classification after 12 months.

B. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc.

Those qualified employees having twenty-four (24) months of service in the Utility classification will be upgraded to the beginning rate of the Street Service-C classification. Those qualified employees having twenty-four (24) months of service in the Street Service-C classification will be upgraded to the beginning rate of the Street Service A classification.

NOTE: Those individuals in progression for Roustabout-B or Street Service-C classifications are not eligible to bid on any posted Roustabout-B or Street Service-C or B vacancy.

C. The progression will be as follows:

Utility B	12 Months
Utility A	12 Months
Roustabout B/Pipeliner B/ Street Service C	12 Months
Pipeliner	12 Months

In lieu of not having completed 24 months in the Utility classification, when transferring to a Utility position, employees will go to the beginning rate of Roustabout B/Pipeliner B/Street Service C classification and will remain at the beginning rate until the 24 months of Utility Progression has been completed.

7. Notwithstanding the provisions of the Labor Agreement, it is understood by the parties to this Agreement that an employee in Columbia Gas Transmission LLC, having twenty-four (24) months or more in the Utility progression will, when transferring to Columbia Gas of Kentucky, Inc., or Columbia Gas of Ohio, Inc., if qualified, progress to the minimum rate of Street Service-C in twelve (12) months.

8. Article XVIII, Section 2 - Sunday Premium for Shift Workers

Although Section 2 of Article XVIII does not require the payment of the Sunday Premium (double time) to shift workers, the Parties agree that the Sunday Premium would be applicable to shift workers under the following:

- A. Double time will now be paid to non-scheduled shift workers who are called out to work on Sunday. In addition to the Sunday Premium, the employees will also receive the applicable shift differential.
- B. A shift worker required to work a double shift on Sunday will be (1) paid his regular rate and the applicable shift differential while working his regularly scheduled shift, and (2) will be paid double time plus the applicable shift differential while working on the second shift on Sunday. [(2) modifies Section 6 of Article XVIII only to the extent of the rate of pay to be paid on the double shift on Sunday.]
- C. A shift worker scheduled to work on Sunday will receive his regular rate of pay and the applicable shift differential. To further clarify the Parties' interpretation of the above, if any employee's scheduled shift or his regular day off is changed any time prior to a Sunday, the Section 5 of Article XVIII is applicable and not Section 2, since the employee would have received prior notice and have been scheduled to work on that Sunday. If an employee's scheduled shift or his regular day off is changed on a Sunday, then the employee would receive the appropriate compensation from either Section 2 or from Section 5 of Article XVIII, whichever is the higher, but not both. Of course, any other condition or qualification contained in Sections 2 and 5 must be considered in determining the appropriate rate of compensation.

9. USW-COPE Checkoff

The Company agrees to deduct from the wages of those employees who are members of the Union and who voluntarily authorize such deductions on forms provided by the Union, the amount specified as the employees' contributions to the United Steelworkers INTERNATIONAL UNION Committee on Political Education Fund (USW-COPE).

The Company also agrees to transmit said payroll deductions immediately to the Financial Secretary of Local 628 or to the Secretary-Treasurer of Local 372, whichever is applicable, together with a list of the names of employees for whom the deductions have been made and the amount deducted for each such employee.

The amount and timing of such payroll deductions and the transmittal of such voluntary contributions shall be as specified in such forms and in conformance with any applicable state or federal statute.

The Union agrees to reimburse the Company for the full costs incurred in making the USW-COPE payroll deductions, which costs will be deducted from employee contributions before transmittal to the Secretary-Treasurer of Local 372 or to the Financial Secretary of Local 628.

The signing of such USW-COPE checkoff form and the making of such voluntary annual contributions are not conditions of membership in the Union or of employment with the Company.

The Union shall indemnify and save the Company harmless against any and all claims, demands, suits, or other form of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any of the provisions of this Agreement.

10. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc. - Service Work Training Requirement

All classifications that require Service Work (Customer Service B and General Utility A) in the job description for the classification will be required to successfully complete the Customer Service training program. One year following completion of the Customer Service training program the employee will be given a mandatory skills review qualification test. A grade of 80% must be achieved on the skills review qualification test to pass the qualification test.

In the event that an employee fails the required test, he will be given the opportunity to remain in his classification for an additional six (6) months, at which time he will be given another test.

If an employee fails the second test, then he will be placed in a job, if available, for which he is qualified and able to perform.

Employees that hold classifications that do not require Service Work in their job description but voluntarily accept Customer Service training, when available, will be required to take a skills review qualification test one (1) year following completion of the Customer Service training. A grade of 80% must be achieved on the skills review qualification test to pass the qualification test.

In the event that an employee fails the required test, he will be given the opportunity to take a second test six (6) months following the date of the first test.

An employee that has voluntarily taken service training that fails the second test will no longer be qualified to perform service work.

An employee that has voluntarily taken service training that has successfully completed the training and has passed the skills review qualification will receive upgrade pay when applicable at the appropriate Customer Service A rate when performing service work.

CLASSIFICATIONS

Customer Service-B

This will be the entry level job for new Customer Service employees; the employees will be required to remain in this classification until they have successfully completed all the requirements of the Service Training Program and the mandatory skills review qualification test.

Current Customer Service-C employees with two (2) or more years of service may progress to the Customer Service-A classification by requesting and passing the test. If the current employees do not pass the test, or choose not to take the test, then they will remain Customer Service-B's for as long as they are in the Service Department or until they pass the test.

Customer Service-A

This classification provides for progression of an employee who has successfully completed the Customer Service Training program and passed the skills review qualification test. An employee serving in this classification for a period of five (5) years may then request to be tested for progression to the Customer Service Senior classification. This test is voluntary.

If an employee elects to take the test, and he fails, then he may not take the test for a period of one (1) year.

Current Customer Service-B employees with five (5) or more years of service may progress to the Customer Service-Senior classification by requesting and passing the test.

Customer Service-Senior

This classification provides for progression of Customer Service-A employees who have satisfactorily performed the duties of Customer Service-A for a period of five (5) years or more and who have passed the qualification requirements for progression to this classification.

GENERAL INFORMATION

1. The wage structure for the three (3) classifications remain the same as the current wage structure.
2. Current employees in the Service Department are "grandfathered." They will not be required to progress to the Customer Service-A classification or Customer Service-Senior classification. Additionally, should a current employee elect to take the qualification test and fail, he may remain in his classification. However, the applicable time periods mentioned with regard to retesting will be followed.
3. The guidelines below regarding the Service Department qualification tests for progression are to be followed in order to establish uniformity and consistency within the program. These guidelines have been developed in response to questions concerning present Service Department employees in the entry-level classifications, and new Service Department employees who may have had previous experience as Servicemen.

- A. Present Servicemen in the entry-level classifications who have seven or more years' experience in those classifications may request to take a qualification test for either the new Customer Service-A or Senior classification.
- (1) If the employee requests to take the test for Customer Service-Senior and he passes, then he will be classified as a Customer Service Senior.
 - (2) If the employee fails the Senior test, then he may take the test for Customer Service-A. If he passes the Customer Service-A test, then he will be classified as a Customer Service-A. He will then be required to complete five years of service within that classification before he may take the senior test.
 - (3) If the employee fails the A classification test, then he must wait six months before he can be retested. If he fails the test a second time, then he must wait one year before he will be retested.
- B. New Service Department employees who have two or more years' previous experience in the Service Department may request to take the test for progression to Customer Service-A only. If he passes the A test, then he will be classified as a Customer Service-A. He will then be required to complete five years of service within that classification before he may take the Senior test. If the employee fails the A classification test, then he must complete two years of service in the Customer Service-B classification before he can take the A test. At this point, the procedures outlined in the original program become effective.

4. Service Department job postings in the future will be as follows:

"Customer Service-B - Customer Service-A"

11. Columbia Gas of Kentucky, Inc. and Columbia Gas of Ohio, Inc., Work Schedules:

A. Flexible Work Hour Schedule

The Company will offer a four (4) ten hour work day schedules, which may include weekend shifts. During such a ten (10) hour schedule premium pay and shift differential, if applicable, will begin after ten (10) hours of work on a scheduled ten (10) hour day and for any time worked in excess of 40 hours in one week. If an employee is scheduled to work on any day of rest except for Sunday, he/she will be paid at the rate of time and one half. All work performed on Sunday shall be paid for at the rate of double time unless it is part of the employee's normal work schedule.

The four (4) ten (10) hour schedules will be offered on a voluntary basis and either party can opt out of this schedule with a two week notice to the opposite party. If there are more employees who volunteer for the four (4) ten (10) hour schedules than available schedules, the Company will staff the schedules by work location on a qualified senior basis.

Sick Leave, Vacation, Personal Holidays

An employee who misses work due to illness, vacation or personal holiday, will be charged for all hours of scheduled work missed (i.e., ten (10) hours of short-term disability for one (1) ten (10) hour day of absence).

Company Holidays

If the holiday falls on a day off - Employee will be given a day off in lieu of the holiday during the same week the holiday occurs. Eight (8) hours will be charged to holiday. The employee can work two extra hours during that week, but such two hours will be at straight pay. The two extra hours to be determined by the Company, (or use personal holiday or vacation to make up the two hours or as an alternative, an employee may revert to a standard eight (8) hour day, for a five (5) consecutive day work week at any time with approval of his/her immediate supervisor).

If the holiday falls on a regularly scheduled day of work - Employee is charged with eight (8) hours of holiday and will make up the two hours needed during that work week at straight time pay. The two extra hours to be determined by the Company, (or use personal or vacation to make up the two hours, or as an alternative, an employee may revert to a standard eight (8) hour day, for a five (5) day work week at any time with approval of his/her immediate supervisor). If two holidays occur in any one week, the employee's regular work schedule will revert to a standard eight (8) hour day for a five (5) consecutive day work week.

Overtime/Meals

The employee working this shift must work in excess of 16 consecutive hours to qualify for double time pay. Employees working a ten (10) hour schedule will not be eligible for an overtime meal until after twelve (12) hours of work and at intervals of four hours subsequent thereto.

B. Shift Differential Payments

Notwithstanding the language in Addendum B relating to the definition of a shift worker, if the majority of a Columbia Gas of Kentucky or Columbia Gas of Ohio employee's regularly assigned eight (8) hour schedule is before 7:00 a.m. or after 5:00 p.m., then the employee will be paid the appropriate shift differential for their entire eight (8) hour schedule. If the majority of the regularly assigned eight (8) hour schedule occurs between 7:00 a.m. and 5:00 p.m., then the appropriate shift premium will only apply to hours worked before 7:00 a.m. or after 5:00 p.m.

The Company will not pay both shift differential and premium rates of pay, as determined by Article XVIII, to those employees whose regular eight (8) hour work schedule is between 7:00 a.m. and 5:00 p.m.

C. Sunday Work

This language applies to employees who are regularly scheduled to work on Sunday as part of their normal 40 hour work week. Such employees will be exempted from Article XVIII, Section 2 regarding double time for work performed on Sunday (the same as shift workers who work on Sunday). However, if an employee is required to work on the sixth (6th) day in any seven (7) day period,

he/she will be paid at the rate of time and one half. If an employee is required to work on the seventh (7th) day in any seven (7) day period, he/she will be paid at a rate of two times his/her regular rate, provided, however, that such premium payments shall be credited against any weekly overtime which may accrue.

12. Seniority - Article VII

In order to clarify the seniority status of an employee who (a) transfers from a work location not covered by the Agreement to a position covered by the Agreement or (b) was once in the bargaining unit and transfers out (for any reason) and then returns to a position covered by the Agreement will be treated as follows:

It is the position of the Union that all employees initially entering or re-entering the bargaining unit do so as a new employee and are subject to all the provisions of the Agreement, provided however, if an employee who is covered by the Agreement is declared "surplus" (see Article XXV, Section 2) and accepts a position with a Columbia company at a work location not covered by the Agreement, such employee will no longer accumulate, but will retain, the seniority he achieved while in the bargaining unit, IF the employee returns to a position covered by the Agreement on the first opportunity given to him. No regular employee shall be demoted when an employee returns to the bargaining unit under this provision.

13. Upgrading

In recognition of the Company's need to maintain efficient operations and achieve a diversified skilled workforce, when upgrading is required, within the Basic Seniority Unit, consideration will be given to the available qualified Senior employee at the work location involved.

It is understood that the above is not applicable to any other provisions of the Agreement.

14. Automatic Progressions

Individuals in the Automation & Electrical Mechanic-B (A&E) classification will progress to Automation & Electrical Mechanic-A classification upon becoming fully qualified to perform all the duties of the Automation & Electrical-A classification. The initial postings will be for Automation & Electrical Mechanic-B position and then a progression to the Automation & Electrical Mechanic A-position.

Individuals in the Welder classifications will progress to the next level in the Welder family upon successful completion of the appropriate Welder certification testing process.

Individuals in the District Instrument Mechanic (DIM) classification will progress to the next level in the DIM family upon becoming fully qualified to perform all the duties in the next level classification and met the minimum time requirements. The initial postings will be for the DIM-C position.

DIM C to DIM B	minimum of 6 months, no more than 18 months
DIM B to DIM A	minimum of 12 months

DIM A to DIM AA minimum of 6 months

The Company and the Union agree that on a one-time basis the employees presently in the DIM A classification can voluntarily elect to enter the DIM AA upon ratification of the agreement. The Company and the Union further agree that employees electing not to participate in the new progression may remain in their current classification. These employees will continue to have upgrade opportunities according to the terms set forth in the collective bargaining agreement.

For CKY/COH (IRONTON) Inspector jobs will be posted as Inspector A. When the job is awarded, if no bidders qualified for Inspector A, the job will be filled as an Inspector B and will progress to the beginning rate of Inspector A after 24 months. Employees not classified as Inspector will be upgraded to beginning rate of Inspector B classification (or paid at their current classification if the rate is higher than Inspector B) when performing leak inspection work.

15. M&R Tech Progressions

The entry level position M&R Inspect A will be retitled to M&R Tech II.

The current job classification of M&R Tech II will be retitled, to the next level position, of M&R Tech I.

The M&R progression will be implemented as follows:

- The entry level for M&R will be M&R Tech II.
- After 24 months, the employee will automatically progress to the M&R Tech I.

Parties further agree that this change in job title and progression did not in any way effect the existing wage schedule for the entry level and second level M&R positions.

Additionally, the Company and Union agree to remove the following job classifications from the CBA.

M&R Inspect B
Reg Tech II
Reg Inspect A
Reg Inspect AA

If the positions (M&R Inspect B, Reg Tech II, Reg Inspect A, Reg Inspect AA) are reinstated in the future, the Company agrees that they will automatically be deemed bargaining unit positions and the Union would not be required to engage in any issues regarding representation.

16. Job Classifications

The Company and Union agree to remove the following job classifications from the CBA:

CKY/COH (Ironton)
Building Maintenance Operator
Dispatcher A and B
Meter Reader (rate starting at 26.3170)
Meter Reader (rate starting at 23.0588)
Street Service B
Warehouseman

If the positions (Building Maintenance Operator, Dispatcher A and B, Meter Reader (rate starting at 26.3170), Meter Reader (rate starting at 23.0588), Street Service B, Warehouseman) are reinstated in the future, the Company agrees that they will automatically be deemed bargaining unit positions and the Union would not be required to engage in any issues regarding representation.

TCO ONLY:

The Company and Union agree the following job classifications below are removed from the wage schedule. The Company agrees that they will automatically be deemed bargaining unit positions and the Union would not be required to engage in any issues regarding representation.

Auto Mechanic	Auto/Hvy Equip Mech	Bailing Mach Helper
Bailing Machine Oper	Carpenter	Chief Auto Mech
Cleaning Out Helper	Electrician B	Inspector – Aerial
Inspector A	Instrument Mech A	Instrument Mech B
Opr/Maint Trainee	Truck Driver	Welder B
Welder Trainee	Well Tender	

17. TCO only:

Residency requirements will be removed from current job classifications with the exception of the following classifications:

DIM AA, A, B
A&E Mechanic A & B
Pipeliner A
Operator A
Operator B (unattended stations)

Current employees holding the classification – DIM AA, A, B, A&E Mechanic A & B, Pipeliner A, Operator A, Operator B (unattended stations) will be “grandfathered”.

18. DIM Training Program

- A. Interested employees will be selected based on results of a scored basic aptitude evaluation consisting of reading comprehension, high school level math and mechanical aptitude.
- B. Based upon the results of the initial evaluation, stated above in Step 1, senior qualified employees will be selected to attend and introductory school.
- C. DIM-C positions will be posted and filled with the senior qualified employees who receive successful evaluation upon completion of the introductory school.
- D. Employees selected to fill the DIM-C position will begin working with higher level DIM's and continue to undergo on the job training, formal classroom and/or self-study training.
- E. DIM-C will be expected to undergo evaluation of the DIM-B level at not less than six (6) months and not more than twelve (12) months. One re-evaluation at six (6) months from the date of the first evaluation will be offered to employees who were not successful on the first evaluation. At no time will anyone be allowed to stay in the “C” class longer than eighteen (18) months.
- F. Employees successfully completing the DIM-B level evaluation will be reclassified as DIM-B. An employee who is unsuccessful in completing the DIM-B level evaluation will

be reclassified and reassigned as provided for in the labor agreement.

- G. DIM-B's will continue classroom and on the job training to prepare for qualification as DIM-A.
- H. DIM-A will continue classroom and on the job training to prepare for qualification as DIM-AA.

Evaluation at all levels may include written, oral, demonstrations and review of past performances.

19. A&E TRAINING PROGRAM – TCO:

The parties, Columbia Gas Transmission and USW locals 628 & 372, agree to continue to work on the development of the core skills, OJT, and required training necessary for a fully developed A&E Training Program.

In the interim, the following prerequisites are agreed to in order to be considered for a newly created A&E Mechanic C Training classification.

All applicants (internal & external) must successfully pass the EEI Aptitude Test

All internal applicants must successfully complete the George Brown University 36 week program. In lieu of the program, a 2 year Electrical/Electronics degree will be considered.

All external applicants must possess a 2 year Electrical/Electronics degree to be considered.

Once the prerequisites are met, then individuals may be placed in the program through job posting and bidding.

A plan will be developed to begin using the CGT core skills; structured OJT; existing internal training and supplement with outside resources if necessary.

As positions are identified, these positions will be in the Compressor Seniority Units (i.e., Clendenin, St. Albans, Strasburg) and staffed in accordance with Article XXV Job Posting and Bidding.

Once an individual is in the program, the following progression would follow:

A&E Mechanic C (Trainee) – 12 months – 18 months (same rate schedule as Repairman classification)

All prerequisites met

Begin the A&E Training for core skills, OJT, etc.

Obtain Apprentice electrician license

Become electrical qualified person

Must be qualified to work on all related equipment under the supervision of an A&E Mechanic A

A&E Mechanic B – 12 months – 42 months

Finish the A&E Training

Obtain Journeyman electrician license

Must be qualified to work on all related equipment independently

A&E Mechanic A – 12 months

Must possess ISA Level 1 certification before processing
Existing A&E Mechanic A's without an ISA Level 1 certification will be grandfathered.

20. Pagers

Issuance of pagers will be on a voluntary basis and the employee with the pager has an obligation to call back when the pager goes off. It is mutually understood by both parties that reasonable cooperation is expected.

Future situations should be resolved under this understanding.

21. ACKNOWLEDGEMENT TO RESPOND: TCO Only

It is of the highest priority to ensure safety and we are under the duty to the public of operating and maintaining its public utility services without interruption.

Employees are contacted in order to respond to an issue and ensure the matter is made safe.

It is the expectation that employees can be reached when called, either during working hours or after hours. Furthermore, it is the expectation that the employee will respond to an issue and/or ensure that matter is made safe.

Employees' response to callout will be discussed at Union management meetings. If an employee's performance is not acceptable it will be reviewed and addressed on a case by case basis.

22. Seasonal Work Hours

Seasonal work hours, during Daylight Savings Time, will continue on a voluntary basis by each work location or region. Each work location or region will be offered the opportunity to decide by a two-thirds vote of that location or region whether to accept a Seasonal Work Hours schedule proposed by the Company.

22. Columbia Gas of Kentucky, Inc., Jurisdictional Areas

It is agreed that following ratification of the collective bargaining agreement, Article XXIII Travel and Expenses, "jurisdictional areas" shall be defined as:

Ashland Operating Area
East Point Operating Area
Winchester Operating Area (including the old Paris/Cynthiana Operating Areas and Richmond)
Maysville Operating Area
Lexington Operating Area (including Georgetown)
Frankfort Operating Area (including Versailles and Midway)

23. Columbia Gas Transmission, Inc., Construction Crew Seniority

Employees in the Construction Crew will only hold Basic Seniority Unit seniority either in the St. Albans Pipelines Basic Seniority Unit or in the Clendenin Pipelines Basic Seniority Unit. Any job posting for a position within the Construction Crew will first be posted in the St.

Albans Pipelines and Clendenin Pipelines Basic Seniority Units as a Basic Seniority Unit posting. The job will be awarded on the basis of the criteria listed in Article VII, Section 3 except Company seniority, rather than Basic Seniority Unit seniority, will control. If there are no qualified bidders for such a posting, the position will be filled in accordance with the remaining provisions of Article XXV. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting, the successful candidate will enter the St. Albans Pipelines Basic Seniority Unit unless that candidate is coming from a position within the Clendenin Pipelines, Clendenin Compressor, Strasburg Pipelines or Strasburg Compressor Basic Seniority Units. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting to a candidate coming from the Clendenin Pipelines Basic Seniority Unit, that candidate will retain his Clendenin Pipelines Basic Seniority Unit seniority. In the event the position is awarded through a Request for Transfer or a Bargaining Unit wide posting to a candidate coming from the Strasburg Pipelines, Strasburg Compressor or Clendenin Compressor Basic Seniority Unit, that candidate will enter the Clendenin Pipelines Basic Seniority Unit.

24. Vacation Hardship Donation

At Management discretion, in cases of employee hardship, vacation hours from other employees' current year grant (excluding banked hours) may be donated to the employee for the employee's own serious medical condition, or the serious medical condition of the employee's immediate family.

25. Successorship

This Memorandum of Agreement is entered into between Columbia Gas Transmission LLC, Columbia Gas of Kentucky, Inc., and Columbia Gas of Ohio, Inc. (hereinafter the "Company") and Paper, Allied-Industrial, Chemical & Energy Workers International Union Locals 372 and 628 (hereinafter the "Union"), this 21st day of September 2002, as a supplement to the Labor Agreement to define how affected members of the bargaining unit will be treated in the event there is a sale of the stock of the Company or a divestiture of substantially all of the assets of the Company.

Further, this Memorandum of Agreement sets forth the principles to establish a new and progressive relationship between the parties. The relationship will establish a positive partnership, embedded in trust, mutual respect, and a common interest in quality workmanship and superior customer service to our customers.

1. This Memorandum of Agreement applies in the event of (1) a sale of the Company's stock, or (2) a merger, divestiture, sale, transfer, or swap of substantially all of the Company assets that results in the termination of the Company's employment of members of the bargaining unit (hereinafter, a "Covered Transaction").
2. This Memorandum of Agreement shall be binding upon the Company regardless of whether it changes its name, corporate identity, organization, legal status, or management.
3. The Company agrees to make assumption of the Labor Agreement and assumption of this Memorandum of Agreement a condition of any Covered Transaction, and shall provide the Union with copies of those documents that are necessary to demonstrate compliance with this Memorandum of Agreement. The Company agrees to provide the Union notice of a contemplated Covered Transaction a reasonable period of time prior to the closing of any such Covered Transaction.

4. Upon transfer of the assets pursuant to a Covered Transaction, the Company is relieved of obligations and liabilities under the Labor Agreement or otherwise to all affected bargaining unit employees who become employees of the Buyer.
5. During the term of the Labor Agreement, the Union will support and not oppose or in any way support or encourage opposition to the Company's position before regulatory or administrative agencies, in legislatures, or in court regarding any rate proceedings or any Covered Transaction announced, begun, or pending during the term of the Labor Agreement.
6. The Union will support the Company's efforts to obtain approval from any applicable regulatory agency for recovery of its stranded costs and will support the Company's position that the stranded costs it has identified as reasonable in the amount and fully recoverable from customers.
7. This Memorandum of Agreement will terminate on the termination date of the Labor Agreement.

APPROVED

FOR THE COMPANIES:

Jovette Pino

Lori Johnson

Jodi Falknor

Dreama T. Whitmire

FOR THE UNION:

David A. Rutherford

Curtis D. Edelman

Brian P. Wedge

DATE: December 1, 2011

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KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 168
Respondent: S. Mark Katko

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

168. Please provide copies of any existing Incentive Compensation Plans and any source documents, work papers and underlying data being used for any current or future compensation plans.

Response:

Please refer to the response to AG Set 1 No. 136 for the 2013 Corporate Incentive Plan. Please refer to Attachment A of this response for a copy of the 2010 Omnibus Incentive Plan ("Omnibus Plan") and Attachment B for a copy of the Long-Term Incentive Plan.

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED

2010 Omnibus Incentive Plan

NiSource Inc.

8,000,000 shares of common stock

NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
(877) 647-5990

We are offering a maximum of 8,000,000 shares of our common stock issuable in connection with awards granted under our 2010 Omnibus Incentive Plan, which we refer to as the Plan. The Plan permits the granting of options, stock appreciation rights (SARs), restricted stock, restricted stock units, performance shares, performance units, dividend equivalents, and other stock-based awards.

Awards may be granted under the Plan to employees and non-employee directors of NiSource Inc. and its affiliates, which we refer to collectively as the Company. We have attached a copy of the Plan to this prospectus as Exhibit A.

Participants who purchase or receive shares under the Plan may sell them on the New York Stock Exchange at prevailing market prices with normal brokerage commissions. Directors and officers who are "affiliates" of our Company, however, may only resell such shares:

- by filing an effective registration statement with the Securities and Exchange Commission;
- or
- by qualifying under an exemption from the registration requirements of Section 5 of the Securities Act of 1933 (such as Rule 144).

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

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

The date of this prospectus is May 17, 2010

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Unless otherwise specified, the information in this prospectus is set forth as of May 17, 2010, and we anticipate that changes will occur in our affairs after such date. We have not authorized any person to give any information or to make any representations, other than as contained in this prospectus, in connection with the offer contained in this prospectus. If any person gives you any information or makes representations concerning this offer, do not rely on it as information that we have authorized. This prospectus is not an offer to sell our common stock in any state or other jurisdiction to any person to whom it is unlawful to make such an offer.

Available Information

We must comply with the informational requirements of the Securities Exchange Act of 1934, and its rules and regulations, which we refer to as the Exchange Act. Therefore, we must file reports, proxy statements, and other information with the Securities and Exchange Commission. You can read and copy our reports and information at:

SEC Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549

You can obtain information on the operation of the Commission's Public Reference Room by calling the Commission at 1-800-732-0330. You may also obtain copies of our materials by mail at prescribed rates from the Commission's Public Reference Room at the address stated above.

The Commission also maintains a website that contains reports, proxy statements, and other information regarding issuers, such as us, that file electronically with the Commission. The address of our website is:

<http://www.sec.gov>

Because our common stock is listed on the New York Stock Exchange, you can also obtain information about us at the offices of the New York Stock Exchange located at:

NYSE Euronext
11 Wall Street
New York, NY 10005

This prospectus does not contain all of the information set forth in the Form S-8 Registration Statement that we have filed with the Commission. You should review the registration statement and its exhibits for further information. In addition, statements that we make in this prospectus about any document filed as an exhibit are not necessarily complete. In each instance, you should refer to the exhibit directly.

This prospectus also incorporates important business and financial information about our company that we have not included in or delivered with this prospectus. You may obtain this information without charge by writing or telephoning us at the following address:

NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Gary W. Pottorff, Secretary
Telephone No.: (877) 647-5990

Incorporation of Certain Documents by Reference

The Commission allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to other documents. The information we incorporate by reference is an important part of this prospectus, and later information that we file with the Commission automatically will update and supersede this information.

We incorporate by reference into this prospectus the following documents and information filed with the Commission:

- Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed February 26, 2010.
- All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by our latest Annual Report on Form 10-K.
- The description of our Common Stock set forth under the caption "Description of Capital Stock" contained in our Amendment No. 1 to Registration Statement on Form S-4, filed on April 24, 2000 (File No. 333-33896-01), together with any amendment or report filed with the Commission for the purposes of updating such description.

We also incorporate by reference any future filings that we make with the Commission under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this prospectus and before the filing of a post-effective amendment (which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold). Such documents are a part of this prospectus from the date of its filing.

Introduction

What does the Plan involve?

This prospectus relates to 8,000,000 shares of our common stock issuable in connection with awards granted or to be granted under the Plan. The Plan provides for the issuance of the following types of awards:

- incentive stock options (ISOs);
- non-qualified stock options (NSOs);
- SARs;
- restricted stock;
- restricted stock units;
- performance shares;
- performance units;
- dividend equivalents; and
- other stock-based awards.

Shares of common stock issued pursuant to awards granted under the Plan may be either:

- authorized and unissued shares;
- treasury shares; or
- shares acquired on the open market.

All shares of our common stock issued under the Plan, after they are issued and paid for, will be fully paid and nonassessable.

You should refer to the appropriate section below for further information about each type of award.

What is the Plan's purpose?

The Plan is designed to promote the achievement of both our short-term and long-term objectives by:

- aligning compensation of participants with the interests of our stockholders;

- enhancing the interest of participants in our growth and success; and
- attracting and retaining participants of outstanding competence.

Who administers the Plan?

The Officer Nomination and Compensation Committee of our Board of Directors, which we refer to as the Committee, administers the Plan. Two or more members of the Committee must qualify as non-employee directors under the Exchange Act and as outside directors under the Internal Revenue Code. Subject to the Plan's provisions, the Committee has sole authority to:

- determine the persons to whom, and the time or times at which, awards shall be granted and the number of shares to be subject to each award;
- determine the type of award granted;
- determine the fair market value of shares or property where applicable;
- determine the terms, conditions and restrictions applicable to each award and any shares acquired pursuant thereto;
- determine how an award will be settled, as provided under an award agreement;
- approve one or more forms of award agreement;
- amend, modify, extend, cancel, or renew any award or to waive any restrictions or conditions applicable to any award or any shares acquired upon the exercise thereof;
- accelerate, continue, extend, or defer the exercisability of any awards or the vesting of any shares acquired upon the exercise thereof;
- to prescribe, amend, or rescind rules, guidelines, and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternate versions of, the plan; and
- correct any defect, supply any omission or reconcile any inconsistency in the plan or

any award agreement, and to make all other determinations and take such other action with respect to the Plan or any award as the Committee may deem advisable to the extent not inconsistent with the provisions of the plan and applicable law.

The Committee generally may delegate its authority under the Plan to one or more officers or directors of our Company. Only the Committee, however, can grant awards to participants who are executive officers or "covered officers" under the Internal Revenue Code.

Who is eligible to receive awards under the Plan?

Employees and non-employee directors of the Company are eligible to receive awards under the Plan.

We estimate that there are approximately 7,600 persons eligible to receive awards under the Plan; however, at this time, we cannot determine the actual number of employees who will receive awards under the Plan because eligibility is at the Committee's discretion.

Subject to adjustments, the maximum aggregate face value that may be covered by each type of award granted in any one fiscal year to a participant is as follows: options – \$12,000,000; stock appreciation rights – \$12,000,000; restricted stock and restricted stock units – \$7,000,000; performance shares – \$10,000,000; performance units – \$10,000,000; and other stock-based awards – \$10,000,000.

How did the Plan become effective?

Our Board of Directors adopted the Plan, effective on March 22, 2010, subject to ratification by our stockholders. Our stockholders approved the Plan on May 11, 2010, at our annual stockholders meeting.

Can I transfer my award?

Generally, no award is transferable by a participant other than by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

Subject to Committee approval, a participant may transfer non-qualified stock options or SARs to the participant's spouse or lineal descendant (or a trustee of a trust for the primary benefit of such

spouse or lineal descendant), or a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3). The transferee will be subject to the same terms and conditions of the Plan as the participant.

A participant may designate a beneficiary to receive the participant's outstanding award following the death of the participant.

Are there any circumstances under which I would have to forfeit my award?

Yes, the Committee may specify in an award agreement the vesting, forfeiture, and other conditions applicable to an award and the provisions governing the disposition of an award in the event of a participant's termination of employment. The Committee may provide for the earlier exercise of an award in the event of a change in control or similar event.

Can NiSource change or terminate the Plan?

The Plan will terminate on May 11, 2020, although awards granted before the Plan terminates will continue through the expiration dates specified in the award agreement. Except to the extent that stockholder approval is required to satisfy applicable laws or stock exchange requirements, the Committee or Board generally may amend, suspend or terminate the Plan, or any part of the Plan, at any time for any reason without stockholder approval. No termination, suspension or amendment of the Plan will adversely affect any right acquired by any participant under an award granted under the Plan before the date of such termination, suspension, or amendment, unless the participant so consents.

Awards Available Under the Plan

Restricted Stock Awards

The Plan permits the award of shares of common stock that are subject to specific restrictions and conditions. Such restricted stock may be awarded to participants under the Plan. Each restricted stock award will be evidenced by an award document that contains the material terms and conditions of the restricted stock.

The Committee has complete discretion to determine the terms and conditions of the restricted stock award, including the:

- number of shares granted;
- types of restrictions; and
- restricted period.

The Committee may impose restrictions on shares of restricted stock as it deems appropriate, including continued service of the participant, achievement of specific performance incentives, time-based restrictions on vesting following the attainment of performance goals, restrictions under applicable federal or state securities laws, or any other conditions that it determines.

Except to the extent restricted under the terms of the Plan and any award document relating to the restricted stock, a participant granted restricted stock shall have all of the rights of a stockholder, including the right to vote the restricted stock and the right to receive dividends thereon.

The Committee may also evidence the restricted stock in the form of share certificates. If certificates representing restricted stock are registered in the name of the participant, such certificates will bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such restricted stock. The Company will retain physical possession of the certificates for the account of the participant.

Restricted Stock Units

Each restricted stock unit award will be evidenced by an award document that contains the material terms and conditions of the restricted stock units.

The Committee shall have complete discretion to determine the terms and conditions of the restricted stock unit award, including the:

- number of units granted;
- types of restrictions; and
- restriction period.

Restricted stock units may be satisfied by the delivery of:

- cash;
- common stock; or

- a combination thereof as determined by the Committee.

Stock Options

Each option award will be evidenced by an award document that contains the material terms and conditions of the stock option, including the:

- exercise price;
- expiration date;
- whether it is an ISO or NSO;
- conditions to exercise; and
- number of shares to which the stock option pertains.

Under the Plan and at the discretion of the Committee, ISOs may be granted to employees of the Company who meet the definition of "employee" for purposes of Treasury Regulation 1.421-1(h).

For each stock option awarded, the Committee has sole authority to determine the:

- exercise price per share of stock purchasable under the option so long as the exercise price is not less than the fair market value of the our shares of common stock on the grant date;
- method by which the exercise price may be paid and the form of such payment, which shall be made in cash, by cashless exercise, by withholding award shares equal to the exercise price, in shares of common stock, by a combination of such methods of payment, or such other method as may be approved by the Committee;
- term of each stock option so long as the term does not exceed a period of 10 years from the date of grant;
- time or times at which, or the circumstances under which, the stock option may be exercised in whole or in part; and
- method by or form in which the stock will be delivered in satisfaction of the option.

For information about the tax aspects of stock options granted under the Plan, you should refer to the section of this prospectus entitled "Federal Income Tax Consequences." Unless otherwise indicated, the descriptions of stock options issuable under the Plan apply to both ISOs and NSOs.

Stock Appreciation Rights (SARs)

Each SAR award will be evidenced by an award document that contains the material terms and conditions of the SAR, including the:

- grant price;
- expiration date;
- conditions to exercise; and
- number of shares to which the SAR pertains.

The Committee has complete discretion to determine the terms and conditions of the SAR award, including the:

- type of SAR (freestanding, tandem or combination);
- grant price of the SAR;
- term of each SAR, which will not exceed a period of 10 years from the date of grant;
- time or times at which, or the circumstances under which, the SAR may be exercised in whole or in part;
- method of exercise;
- method of settlement and form of consideration payable in settlement; and
- method by or form in which the stock will be delivered in satisfaction of the SAR.

Upon exercising the SAR, we will pay the participant an amount equal to the excess of the fair market value of one share of common stock on the date of exercise over:

- the option price per share specified in the related stock option in the case of tandem SARs, which price shall be fixed no later than the date of grant of the tandem SAR,

which shall not be less than the fair market value of one share of common stock on the date of grant of the related option,

or

- the price per share specified in the related award document in the case of freestanding SARs, which price shall be fixed at the date of grant and shall be not less than the fair market value of one share of our common stock on the date of grant,

multiplied by the number of shares of our common stock in respect of which the SAR has been exercised.

Each SAR granted under the Plan shall expire upon the termination date determined by the Committee and set forth in the award document.

Performance Shares

Each performance share award will be evidenced by an award document that contains the material terms and condition of the performance share, including the:

- performance period; and
- number of shares subject to the award that are to be delivered upon satisfaction of the performance targets by the expiration of the performance period.

The Committee has complete discretion to determine the performance period and the performance goals. Following the conclusion of each performance period, the Committee shall determine the extent to which performance goals have been attained for such period as well as other terms and conditions set forth by the Committee. The Committee shall determine the amount of shares, if any, to be delivered to a participant in satisfaction of an award.

Performance Units

Each performance unit award will be evidenced by an award document that contains the material terms and condition of the performance unit, including the:

- performance period;

- performance goals;
- conditions to exercise; and
- time of payment;

The Committee may determine at or after the time of grant whether performance units will be paid in cash, shares of common stock, or a combination of both.

Dividend Equivalents

The Plan permits the granting of dividend equivalents to participants; however, no dividend equivalents may be granted with respect to any options or SARs. A dividend equivalent is a right, granted under the Plan, to receive cash, stock, or a combination of both, equal in value to all or a specified portion of the dividends paid with respect to a specified number of shares of stock. The dividend equivalents may be granted on a free-standing basis or in connection with another award.

The Committee may provide that the dividend:

- shall be paid or distributed when accrued; or
- shall be deemed to have been reinvested in additional common stock, awards, or other investment vehicles as the Committee may specify.

Dividend equivalents may be subject to the same terms and conditions as any award granted in connection therewith or to such other terms and conditions as the Committee specifies in connection with the granting of the dividend equivalents. With respect to awards that have performance goals, dividend equivalents will only be paid upon the achievement of the respective performance goals.

Other Stock-Based Awards

The Committee may from time to time grant shares and other awards under the Plan that are valued in whole or in part by reference to, or are otherwise based upon and/or payable in shares. The Committee, in its sole discretion, shall determine the terms and conditions of such awards, which shall be consistent with the terms and purposes of the Plan.

ERISA

Is the Plan subject to ERISA?

The Plan is not the type of plan covered by Section 401(a) of the Internal Revenue Code, and, therefore, is not qualified under that section. The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974.

Federal Income Tax Consequences

What are the material federal income tax consequences of the Plan?

As explained below, each type of award has different federal income tax consequences. In addition to these, a participant may also be subject to foreign, state and local income or other tax consequences in the jurisdiction in which the participant works and/or resides. You should consult with your own personal tax advisor to determine the specific tax consequences of your participation in the Plan.

Stock Options

The Plan allows the grant of incentive stock options (ISOs) and non-qualified stock options (NSOs). Generally, no income is recognized when either type of stock option is granted to the participant, but the subsequent tax treatment differs widely.

Non-Qualified Stock Options (NSOs)

Generally, if a participant exercises a NSO, the excess of the fair market value of the shares on the date of exercise over the stock option price is ordinary income to the participant at the time of the exercise. The tax basis for the shares purchased is their fair market value on the date of exercise. Any gain or loss that the participant realizes from a later sale of the shares for an amount in excess of or less than the tax basis of the shares will be taxed as capital gain or loss, respectively. The character of the gain or loss (short-term or long-term) will depend upon how long the participant held the shares since exercise.

Incentive Stock Options (ISOs)

Generally, a participant will recognize no regular taxable income upon exercising an incentive stock option. The tax basis of the shares acquired will be

the exercise price. To receive this favorable treatment, the participant must not dispose of the shares that he or she acquires by exercising an incentive stock option within two years after the date the stock option was granted, nor within one year after the exercise date (the "Holding Periods").

If the participant disposes of the shares before the end of the Holding Periods, the Participant will be required to recognize gain that is taxable as ordinary income. The amount of that gain equals the lesser of:

- the difference between the fair market value on the exercise date and the stock option price; or
- the difference between the sale price and the stock option price on the date of sale.

The balance, if any, will be taxed as short-term or long-term capital gain, depending upon how long the participant held the shares.

If the participant meets the Holding Periods, all gain or loss that he or she realizes upon a later sale of the shares for an amount in excess of or less than their tax basis will be taxed as a capital gain or loss.

ISOs and Alternative Minimum Tax

For determining a participant's alternative minimum taxable income subject to the alternative minimum tax, a participant's exercise of an incentive stock option will result in the recognition of alternative minimum taxable income at the time of the exercise of the stock option in an amount equal to the excess of the fair market value of the shares on the exercise date over the stock option price. In general, the alternative minimum tax is paid only to the extent it exceeds an individual's regular tax.

Exercise with Previously-Owned Shares

A participant may exercise a stock option granted under the Plan by payment either in cash or, with the Committee's approval, among other options, in previously-owned shares of our common stock at their then fair market value, or by a combination of both of these methods. When a participant uses previously-owned shares ("Old Shares") to purchase shares ("New Shares") upon the exercise of an ISO or NSO, he or she recognizes no gain or loss to the extent that the total value of the Old Shares surrendered does not exceed the total value of all of the New Shares received.

If, as would usually be the case, the value of the New Shares exceeds the value of the Old Shares, the excess amount is not regular taxable income to the participant if:

- the stock option exercised is an ISO; and
- the participant has met the Holding Periods discussed above for the Old Shares at the time of exercise.

In this instance, the New Shares would also be subject to the Holding Periods discussed above. On the other hand, if the stock option exercised is a non-qualified stock option, the excess amount is taxable as ordinary income.

Stock Appreciation Rights

Generally, there will be no federal income tax consequences to either the participant or our Company upon the grant of a tandem or free-standing SAR. The participant, however, generally must recognize ordinary income upon the exercise or surrender of a SAR in an amount equal to the fair market value (on the date of exercise) of the shares exercised, less the exercise price (if any). Any gain or loss recognized upon any later sale or other disposition of the acquired shares generally will be a capital gain or loss.

Restricted Stock

Unless a participant makes an election to accelerate recognition of the income to the date of grant (as described below), the participant will not recognize income at the time a restricted stock award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the common stock as of that date (less any amount paid for the stock). Any gain or loss recognized upon any later sale or other disposition of the shares generally will be a capital gain or loss.

Restricted Stock Units

In general, a participant who is awarded restricted stock units will not recognize ordinary income upon grant of the restricted stock units. In general, upon receipt of payment for an award of restricted stock units in shares or cash, a participant will recognize ordinary income equal to the fair market value of the shares or the amount of cash received. However, in general, if any awards used to

pay out restricted stock units are nontransferable and subject to a substantial risk of forfeiture, the taxable event is deferred until either the restriction on transferability or the risk of forfeiture lapses.

Performance Shares, Performance Units, Dividend Equivalents and Other Stock-Based Awards

Generally, a participant will recognize ordinary income at the time performance shares, performance units, dividend equivalents and other stock based awards are paid, equal to the fair market value of such payment, unless such awards are subject to a substantial risk of forfeiture and are nontransferable. If the award is nontransferable and subject to a substantial risk of forfeiture, the taxable event is deferred until either the restriction on transferability or the risk of forfeiture lapses.

Section 83(b) Election for Certain Restricted Awards

A participant who receives stock or other property with respect to an award under which such stock or other property is both nontransferable and subject to a substantial risk of forfeiture, may, to the extent permitted under the Plan, file an election under Section 83(b) of the Code within 30 days of the date of grant. Upon such election, the participant will recognize ordinary income as of the date of grant equal to the fair market value of the stock or other property as of that date (less any amount paid for the stock or other property).

Any future gain or loss realized upon the later sale of stock or other property will be taxable to the participant at capital gains rates. If the underlying stock or other property is later forfeited, the participant will not be able to recover the tax previously paid pursuant to a Section 83(b) election.

Company Tax Deduction

Generally, we will be entitled to a tax deduction for an award made under the Plan to the extent that:

- the participant recognizes ordinary income from the award; and
- we have complied with any necessary withholding and reporting requirements.

Section 162(m) of the Internal Revenue Code contains special rules regarding the federal income tax deductibility of compensation paid to our Chief Executive Officer and to each of the other three most

highly compensated executive officers not including the Chief Financial Officer. The general rule is that compensation paid to any of these specified executives will be deductible only to the extent that it does not exceed \$1,000,000 or qualifies as "performance-based" compensation under Section 162(m) of the Internal Revenue Code. We have designed the Plan so that awards to designated covered officers are intended to qualify as performance-based compensation under Section 162(m) of the Code; however, the Committee reserves the right to grant awards that are not so qualified and therefore would be subject to the overall \$1,000,000 limitation on the deductibility of nonperformance-based compensation.

Withholding

Awards may be subject to federal, state and local withholding tax and any other tax obligations. The Plan authorizes us to take such action as we deem advisable to satisfy such tax obligations, which includes the authority to withhold or receive stock or other property and to make cash payments in satisfaction of any withholding tax obligations, either on a mandatory or elective basis in the discretion of the Committee, or in satisfaction of any other tax obligations. In general, only the minimum amount of stock deliverable in connection with an award necessary to satisfy statutory withholding requirements will be withheld.

Section 409A of the Code: Nonqualified Deferred Compensation

Section 409A of the Code provides that covered amounts deferred under a nonqualified deferred compensation plan are includable in the participant's gross income to the extent not subject to a substantial risk of forfeiture and not previously included in income, unless certain requirements are met, including limitations on the timing of deferral elections and events that may trigger the distribution of deferred amounts. If an award either satisfies the requirements imposed by Section 409A of the Code or qualifies for an exception from coverage under Section 409A of the Code, then the tax consequences described previously will continue to apply. If an award is subject to Section 409A of the Code and does not comply with Section 409A of the Code requirements, then amounts deferred in the current year and in previous years will become subject to immediate taxation to the participant, and the participant will be required to pay a penalty equal to interest at the underpayment rate plus 1% on the tax

that should have been paid on the amount of the original deferral and any related earnings, and in addition to any regular tax, an excise tax equal to 20% of the original deferral and any earnings credited on the deferral.

The Committee has retained the right to issue awards that are subject to Section 409A of the Internal Revenue Code, including stock options, SARs, restricted stock units, performance shares, and performance units. However, the Plan provides that any such awards shall be limited by their respective terms that are permitted under Section 409A, and any terms not permitted under Section 409A will have no force or effect until modified and limited to the extent necessary to conform with Section 409A (which amendment may be retroactive to the extent permitted by Section 409A and may be made by the Company without the consent of Plan participants). Therefore, the taxation of awards should continue to be determined as discussed under each award identified above.

Other Tax Considerations

We do not intend this discussion to be a complete explanation of all of the federal income tax consequences of participating in the Plan. If you are participating in the Plan, you should consult your personal tax advisor to determine the particular tax consequences of the Plan to you, including the application and effect of foreign, state and local taxes, and any changes in the tax laws from the date of this prospectus.

Exhibit A

NISOURCE INC.
2010 OMNIBUS INCENTIVE PLAN

NISOURCE INC.
2010 OMNIBUS INCENTIVE PLAN

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**NISOURCE INC.
2010 Omnibus Incentive Plan**

**Article I
Establishment, Purpose, Duration**

Section 1.1 Establishment of the Plan. NiSource Inc. (formerly NIPSCO Industries, Inc.) (the "Company") adopted the NIPSCO Industries, Inc. 1994 Long-Term Incentive Plan effective April 13, 1994, which was later amended and restated effective April 14, 1999, and renamed the NiSource Inc. 1994 Long-Term Incentive Plan (the "LTIP"). The LTIP has been amended from time to time, with the most recent amendment and restatement effective January 14, 2009.

In addition, the Company adopted the NiSource Inc. Nonemployee Director Stock Incentive Plan (formerly the NIPSCO Industries, Inc. Nonemployee Director Stock Incentive Plan), effective February 1, 1992, as amended effective December 16, 1997 and February 1, 1998 (the "Director Stock Plan"). The Company also adopted the NiSource Inc. Nonemployee Director Restricted Stock Unit Plan (formerly the NIPSCO Industries, Inc. Nonemployee Director Restricted Stock Unit Plan) effective January 1, 1999 (the "Director Stock Unit Plan"). The Company merged the Director Stock Plan and the Director Stock Unit Plan into a single document, effective July 1, 2002 (the "Director Incentive Plan"). The Director Incentive Plan has been amended from time to time, with the most recent amendment and restatement effective May 13, 2008.

Finally, the Company adopted the NiSource Inc. Corporate Incentive Plan (the "Corporate Incentive Plan") to provide annual cash awards to employees of the Company.

The Company now desires to replace the Prior Plans with one incentive plan document, to be called the NiSource Inc. 2010 Omnibus Incentive Plan. Each of the Prior Plans will continue to remain effective with respect to awards granted under each Prior Plan. Upon stockholder approval of this Plan, no new awards will be granted under the Prior Plans. New Awards will be granted under this Plan.

Section 1.2 Purpose. The Plan is designed to promote the achievement of both short-term and long-term objectives of the Company by (a) aligning compensation of Participants with the interests of Company stockholders, (b) enhancing the interest of Participants in the growth and success of the Company, and (c) attracting and retaining Participants of outstanding competence.

Section 1.3 Effective Date and Duration. This Plan, if approved by a majority of the votes cast by Company stockholders at the 2010 annual meeting shall become effective at such date. If such stockholder approval is not obtained, no Awards will be granted under this Plan. If approved, the Plan shall remain in effect, subject to the right of the Board or the Committee to amend and terminate the Plan at any time as provided in this Plan, until all Shares subject to it shall have been purchased or acquired according to the Plan's provisions. In no event, however, may an

Award be granted under the Plan more than ten years after the date the Plan was approved by the stockholders.

Article II **Definitions**

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

Section 2.1 162(m) Award. “162(m) Award” means an Award that is intended to be deductible as “performance-based compensation” under Code Section 162(m).

Section 2.2 1934 Act. “1934 Act” means the Securities Exchange Act of 1934, as amended.

Section 2.3 Affiliate. “Affiliate” means any entity that is a Subsidiary or a parent corporation, as defined in Code Section 424(e), of the Company, or any other entity designated by the Committee as covered by the Plan in which the Company has, directly or indirectly, at least a 20% voting interest.

Section 2.4 Award. “Award” means any Option, SAR, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Cash-Based Award, or other Article XII stock-based award granted to a Participant under the Plan.

Section 2.5 Award Agreement. “Award Agreement” means a written or electronic statement or agreement prepared by the Company that sets forth the terms, conditions and restrictions applicable to Awards granted under the Plan.

Section 2.6 Board or Board of Directors. “Board” or “Board of Directors” means the Board of Directors of the Company.

Section 2.7 Cash-Based Award. “Cash-Based Award” means an Award granted to a Participant, as described in Article XI herein.

Section 2.8 Cause. “Cause,” unless such term or an equivalent term is otherwise defined with respect to an Award by the Participant’s Award Agreement, shall be as defined in any employment agreement between the Company and a Participant; provided however, that if there is no such employment agreement, “Cause” shall mean any of the following: (a) the Participant’s conviction of any criminal violation involving dishonesty, fraud or breach of trust; (b) the Participant’s willful engagement in any misconduct in the performance of his or her duty that materially injures the Company; (c) the Participant’s performance of any act which would materially and adversely impact the business of the Company; or (d) the Participant’s willful and substantial nonperformance of assigned duties. Notwithstanding the foregoing, the Committee shall have sole discretion with respect to the application of the provisions of subsections (a)-(d)

above, and such exercise of discretion shall be conclusive and binding upon the Participant and all other persons.

Section 2.9 CEO. “CEO” means the Chief Executive Officer of the Company.

Section 2.10 CEO’s Pool. “CEO’s Pool” means the portion of Shares available for Awards under this Plan that the Committee reserves for the CEO in accordance with Article IV of the Plan.

Section 2.11 Change in Control. “Change in Control” means the occurrence of either a “Change in Ownership,” “Change in Effective Control” or a “Change of Ownership of a Substantial Portion of Assets,” as defined below:

- (a) **Change in Ownership.** A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock. This subsection (a) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.
- (b) **Change in Effective Control.** A Change in Effective Control of the Company occurs on the date that either –
 - (i) any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; or
 - (ii) candidates are elected to the Board who were not recommended for election by the current Board, if such candidates constitute a majority of those elected in that particular election (for this purpose, recommended directors will not include any candidate who becomes a member of the Board as a result of an actual or threatened election contest or proxy or consent solicitation on behalf

of anyone other than the Board or as a result of any appointment, nomination, or other agreement intended to avoid or settle a contest or solicitation).

In the absence of an event described in paragraph (i) or (ii), a Change in Effective Control of the Company shall not have occurred.

- (c) Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).
- (d) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.
- (e) Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the stockholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to –
 - (i) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;
 - (ii) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;
 - (iii) a person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or
 - (iv) an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (iii) next above.

A person's status is determined immediately after the transfer of assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the

transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

- (f) **Persons Acting as a Group.** Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such stockholder is considered to be acting as a group with other stockholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

Section 2.12 Code. “Code” means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.13 Committee. “Committee” means the Officer Nomination and Compensation Committee of the Board of Directors, or such other committee as the Board shall appoint from time to time, which shall consist of two or more directors all of whom are intended to satisfy the requirements for an “outside director” under Code Section 162(m), a “non-employee director” within the meaning of Rule 16b-3 of the Exchange Act, and an “independent director” under the rules of the New York Stock Exchange (or any other national securities exchange which is the principal exchange on which the Shares may then be traded); provided, however, that as to any Award intended to be a 162(m) Award, if any member of the Officer Nomination and Compensation Committee shall not satisfy such “outside director” requirements, “Committee” means a subcommittee (of two or more persons) of the Officer Nomination and Compensation Committee consisting of all members thereof who satisfy such “outside director” requirement; and further provided that any action taken by the Committee shall be valid and effective whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership specified above.

Section 2.14 Company. “Company” means NiSource Inc., a Delaware corporation, or any successor thereto.

Section 2.15 Corporate Incentive Plan. “Corporate Incentive Plan” means the NiSource Inc. Corporate Incentive Plan, as described in Article I.

Section 2.16 Covered Officer. “Covered Officer” means a Participant who, in the sole judgment of the Committee, may be treated as a “covered employee” under Code Section 162(m) at the time income is recognized by such Participant in connection with an Award that is intended to qualify as a 162(m) Award.

Section 2.17 Director Incentive Plan. “Director Incentive Plan” means the single plan document resulting from the merger of the Director Stock Plan and the Director Stock Unit Plan, effective July 1, 2002, as described in Article I.

Section 2.18 Director Stock Plan. “Director Stock Plan” means NiSource Inc. Nonemployee Director Stock Incentive Plan, as described in Article I.

Section 2.19 Director Stock Unit Plan. “Director Stock Unit Plan” means the NiSource Inc. Nonemployee Director Restricted Stock Unit Plan, as described in Article I.

Section 2.20 Disability or Disabled. “Disability” or “Disabled” means a condition that (a) causes the Participant to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) causes the Participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its Affiliates or (c) causes the Participant to be eligible to receive Social Security disability payments. The Committee, in its sole discretion, shall determine the date of any Disability.

Section 2.21 Employee. “Employee” means any person who is an employee of the Company or any Affiliate; provided, however, that with respect to ISOs, “Employee” means any person who is considered an employee of the Company or any Affiliate for purposes of Treasury Regulation Section 1.421-1(h).

Section 2.22 Fair Market Value. “Fair Market Value” means, on any given date and as may be specified in an Award Agreement, (a) the closing sales price per share (or, if otherwise specified by the Committee, a price that is based on the opening, actual, high, low, or average sales prices per Share) of the Company’s common stock as reported on the New York Stock Exchange or such other established securities market on which the Shares are traded, or, if there were no reported sales of Shares on such date, then, unless otherwise required under the Code, the business day immediately preceding such date; or (b) if (a) does not apply, the price that the Committee in good faith determines through any reasonable valuation method that a Share might change hands between a willing buyer and a willing seller, neither being under compulsion to buy or to sell and both having reasonable knowledge of the relevant facts. Notwithstanding the above, for purposes of broker-facilitated cashless exercises of Awards involving Shares under the Plan, “Fair Market Value” shall mean the real-time selling price of such Shares as reported by the broker facilitating such exercises.

Section 2.23 Grant Price. “Grant Price” means the price established at the time of grant of an SAR pursuant to Article VII (Stock Appreciation Rights), used to determine whether there is any payment due upon exercise of the SAR, which shall not be less than 100% of the Fair Market Value of the Shares at the time the SAR was granted.

Section 2.24 Incentive Stock Option or ISO. “Incentive Stock Option” or “ISO” means an Option that is an “incentive stock option” within the meaning of Code Section 422.

Section 2.25 LTIP. “LTIP” means the NiSource Inc. 1994 Long-Term Incentive Plan, as described in Article I

Section 2.26 Nonemployee Director. “Nonemployee Director” means a member of the Board who is not an Employee.

Section 2.27 Nonqualified Stock Option or NQSO. “Nonqualified Stock Option” or “NQSO” means an option to purchase Shares that does not constitute an Incentive Stock Option under Code Section 422 (or any successor Code Section).

Section 2.28 Option. “Option” means a right to purchase Shares in accordance with the terms and conditions of the Plan.

Section 2.29 Option Exercise Price. “Option Exercise Price” means the price at which a Share may be purchased by a Participant pursuant to an Option.

Section 2.30 Participant. “Participant” means an Employee or Non-Employee Director who is selected to receive an Award or who has outstanding an outstanding Award granted under the Plan.

Section 2.31 Performance Measure. “Performance Measure” means one or more business criteria to be used by the Committee in establishing Performance Targets for 162(m) Awards under the Plan.

Section 2.32 Performance Shares. “Performance Shares” means an Award designated as Performance Shares and granted to a Participant in accordance with Article IX of the Plan.

Section 2.33 Performance Target. “Performance Target” means the specific, objective goal or goals that are timely set forth in writing by the Committee for grants of 162(m) Awards under the Plan with respect to any one or more Performance Measures.

Section 2.34 Performance Unit. “Performance Unit” means an Award designated as a Performance Unit and granted to a Participant in accordance with Article X of this Plan.

Section 2.35 Period of Restriction. “Period of Restriction” means the period during which the transfer of Shares underlying an Award is limited in some way, or the Shares are subject to a substantial risk of forfeiture.

Section 2.36 Plan. “Plan” means the NiSource Inc. 2010 Omnibus Incentive Plan, as may be amended from time to time.

Section 2.37 Prior Plans. “Prior Plans” means the LTIP, Director Incentive Plan, and the Corporate Incentive Plan.

Section 2.38 Restricted Stock. “Restricted Stock” means an Award that is a grant of Shares delivered to a Participant, subject to restrictions described in Article VIII of this Plan.

Section 2.39 Restricted Stock Unit or RSU. “Restricted Stock Unit” or “RSU” means an Award that is subject to the restrictions described in Article VIII of this Plan and is a promise of the Company to deliver at the end of a Period of Restrictions (a) one Share for each RSU, (b) cash in an amount equal to the Fair Market Value of one Share for each RSU, or (c) a combination of (a) and (b), as determined by the Committee.

Section 2.40 Retirement. “Retirement” means, with respect to Employees, retirement as defined in the Company’s tax-qualified pension plan, unless defined otherwise in an Award Agreement.

Section 2.41 Service. “Service” means a Participant’s work for the Company or an Affiliate, either as an Employee or Non-Employee Director.

Section 2.42 Shares. “Shares” means the shares of common stock of the Company, \$0.01 par value per share.

Section 2.43 Stock Appreciation Right or SAR. “Stock Appreciation Right” or “SAR” means an Award designated as an SAR in accordance with the terms of Article VII of the Plan.

Section 2.44 Subsidiary. “Subsidiary” means any corporation, partnership, joint venture, or other entity in which the Company has a majority voting interest; provided, however, that with respect to ISOs, the term “Subsidiary” shall include only an entity that qualifies under Code Section 424(f) as a “subsidiary corporation” with respect to the Company.

Section 2.45 Tandem SAR. “Tandem SAR” means a SAR that is granted in connection with a related Option, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (with a similar cancellation of the Tandem SAR when a Share is purchased under the Option). Except for the medium of payment, the terms of a Tandem SAR shall be identical in all material respects to the terms of the related Option.

Article III **Administration**

Section 3.1 Administration by the Committee. The Plan shall be administered by the Committee. All questions of interpretation of the Plan, of any Award Agreement or of any other form of agreement or other document employed by the Company in the administration of the Plan or of any Award shall be determined by the Committee, and such determinations shall be final, binding and conclusive upon all persons having an interest in the Plan or such Award, unless fraudulent or

made in bad faith. Any and all actions, decisions and determinations taken or made by the Committee in the exercise of its discretion pursuant to the Plan or Award Agreement or other agreement thereunder (other than determining questions of interpretation pursuant to the preceding sentence) shall be final, binding and conclusive upon all persons having an interest therein. Notwithstanding the foregoing, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to Nonemployee Directors.

Section 3.2 Powers of the Committee. In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Committee shall have the full and final power and authority, in its discretion:

- (a) to determine the persons to whom, and the time or times at which, Awards shall be granted and the number of Shares to be subject to each Award;
- (b) to determine the type of Award granted;
- (c) to determine the Fair Market Value of Shares or other property where applicable;
- (d) to determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Shares acquired pursuant thereto, including, without limitation, (i) the exercise or purchase price of Shares pursuant to any Award, (ii) the method of payment for Shares purchased pursuant to any Award, (iii) the method for satisfaction of any tax withholding obligation arising in connection with Award, including by the withholding or delivery of Shares, (iv) the timing, terms and conditions of the exercisability or vesting of any Award or any Shares acquired pursuant thereto, (v) the time of the expiration of any Award, (vi) the effect of the Participants termination of Service on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to any Award or Shares acquired pursuant thereto not inconsistent with the terms of the Plan;
- (e) to determine how an Award will be settled, as provided under an Award Agreement;
- (f) to approve one or more forms of Award Agreement;
- (g) to amend, modify, extend, cancel or renew any Award or to waive any restrictions or conditions applicable to any Award or any Shares acquired upon the exercise thereof;
- (h) to accelerate, continue, extend or defer the exercisability of any Award or the vesting of any Shares acquired upon the exercise thereof, including with respect to the period following a Participants termination of Service;
- (i) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt sub-plans or supplements to, or alternative versions of, the Plan, including, without limitation, as the Committee deems necessary or desirable to comply with the

laws or regulations of or to accommodate the tax policy, accounting principles or custom of, foreign jurisdictions whose citizens may be granted Awards; and

- (j) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award as the Committee may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

Section 3.3 Action by the Committee. A majority of the members of the Committee shall constitute a quorum for any meeting of the Committee, and the act of a majority of the members present at any meeting at which a quorum is present or the act approved in writing by a majority of all the members of the Committee shall be the act of the Committee. In the performance of their duties under this Plan, the Committee members shall be entitled to rely upon information and advice furnished by the Company's officers, employees, accountants or counsel, or any executive compensation consultant or other professional retained by the Company or the Committee to assist in the administration of this Plan.

Section 3.4 Indemnification. No member of the Board or of the Committee shall be liable for any action taken, or determination made, hereunder in good faith. Service on the Committee shall constitute service as a Nonemployee Director of the company so that members of the Committee shall be entitled to indemnification and reimbursement as Nonemployee Directors of the Company, pursuant to the Company's bylaws.

Article IV **Stock Subject to the Plan**

Section 4.1 Aggregate Shares. Subject to adjustment as provided under the Plan, the total number of Shares that are available for Awards under the Plan shall not exceed in the aggregate 8,000,000 Shares, plus any Shares subject to outstanding awards granted under a Prior Plan and that expire or terminate for any reason shall be available under this Plan. Any of the authorized Shares may be used for any type of Award under the Plan, and any or all of 8,000,000 Shares may be allocated to Incentive Stock Options. Such Shares may be authorized and unissued Shares, treasury Shares, or Shares acquired on the open market.

Section 4.2 Individual Award Limitations. Subject to adjustments as provided in herein, the following rules shall apply to grants of Awards under the Plan to Participants:

- (a) **Options:** The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the number of Options granted) that may be covered by Awards of Options granted in any one fiscal year to any one Participant shall be \$12,000,000 per year.
- (b) **SARs:** The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the number of SARs granted) that may be

covered by Awards of SARs granted in any one fiscal year to any one Participant shall be \$12,000,000 per year.

- (c) **Restricted Stock and Restricted Stock Units:** The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times either the number of Shares of Restricted Stock granted or number of Shares underlying the RSUs granted) that may be covered by Restricted Stock or Restricted Stock Unit Awards granted to any one Participant shall be \$7,000,000 per year.
- (d) **Performance Shares:** The maximum aggregate face value (Fair Market Value of a Share of common stock on the date of grant times the maximum number of Shares that could be earned under the Award) that may be granted to any one Participant shall be \$10,000,000 per year.
- (e) **Performance Units:** The maximum aggregate payout (determined as of the end of the applicable performance period) with respect to Performance Units that may be granted to any one Participant shall be \$10,000,000 per year.
- (f) **Cash-Based Awards:** The maximum aggregate payout (determined as of the end of the applicable performance period) with respect to Cash-Based Awards to any one Participant shall be \$10,000,000 per year.
- (g) **Other Article XII Stock-Based Awards:** The maximum aggregate Fair Market Value (as determined on the date of grant) of Shares subject to the Article XII stock-based Awards that may be granted to any one Participant shall be \$10,000,000 per year.

Section 4.3 Share Counting. The following Shares related to Awards will be available for issuance again under the Plan: (a) Shares related to Awards paid in cash and (b) Shares related to Awards that expire, are forfeited, are cancelled, or terminate for any other reason without the delivery of the Shares. Notwithstanding any provision to the contrary, the following Shares related to Awards will be available for issuance again under the Plan: (a) Shares equal in number to the Shares withheld, surrendered or tendered in payment of the exercise price of an Award, including an award granted under the LTIP or Director Incentive Plan, (b) Shares tendered or withheld in order to satisfy tax withholding obligations, (c) Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Awards, including awards granted under the LTIP or Director Incentive Plan.

Section 4.4 Adjustment to Number of Shares.

- (a) Appropriate adjustments in the aggregate number of Shares issuable pursuant to the Plan, the number of Shares subject to each outstanding award granted under the Plan, the Option price with respect to Options and Tandem SARs, the specified price of SARs not connected to Options, and the value for Performance Units, shall be made

to give effect to any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation of Shares, whether through recapitalization, stock split, reverse stock split, spin-off, spin-out or other distribution of assets to stockholders, stock distributions or combinations of Shares, payment of stock dividends, other increase or decrease in the number of such Shares outstanding effected without receipt of consideration by the Company, or any other occurrence for which the Committee determines an adjustment is appropriate.

- (b) In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, or an acquisition by the Company of the stock or assets of any other corporation or corporations, there shall be substituted on an equitable basis, as determined by the Committee in its sole discretion, for each Share then subject to the Plan, and for each Share then subject to an Award granted under the Plan, the number and kind of Shares of stock, other securities, cash or other property to which the holders of Shares of the Company are entitled pursuant to such transaction.
- (c) Without limiting the generality of the foregoing provisions of this paragraph, any such adjustment shall be deemed to have prevented any dilution or enlargement of a Participant's rights, if such Participant receives in any such adjustment, rights that are substantially similar (after taking into account the fact that the Participant has not paid the applicable option price) to the rights the Participant would have received had he exercised his outstanding Award and become a stockholder of the Company immediately prior to the event giving rise to such adjustment. Adjustments under this paragraph shall be made by the Committee, whose decision as to the amount and timing of any such adjustment shall be conclusive and binding on all persons.

Section 4.5 CEO's Pool of Shares. A portion of the Shares available for Awards under this Plan, to be determined by the Committee, may be reserved for the CEO to make certain Awards (the "CEO's Pool"). The CEO may grant any type of Award with shares from the CEO Pool; provided however, that the CEO may not grant any Award to any Covered Officers or other executive officers. Awards available for grant from the CEO Pool will be authorized in a Committee resolution. Unless otherwise determined by the Committee, any Shares not used for Awards under the CEO Pool in one year shall remain available under the CEO Pool in subsequent years.

Article V **Eligibility and Participation**

Section 5.1 Eligibility to Receive Awards. Persons eligible to receive Awards under the Plan are Employees and Nonemployee Directors.

Section 5.2 Participation in the Plan. Subject to the other provisions of this Plan, the Committee has the full discretion to grant Awards to eligible persons described in Section 5.1. Eligible persons may be granted more than one Award. Eligibility in accordance with this Section,

however, shall not entitle any person to be granted an Award, or, having been granted an Award, to be granted an additional Award.

Article VI **Options**

Section 6.1 Grant of Options. Options shall be evidenced by Award Agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time. Award Agreements shall specify the Option Exercise Price, the duration of the Option, the number of Shares to which the Option pertains, provisions for vesting and exercisability, whether the Option is an ISO or NSO, and such other provisions as the Committee shall determine. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with the following terms and conditions. Except in accordance with equitable adjustments as provided in Section 4.4 of this Plan, no Option granted under the Plan shall at any time be repriced or subject to cancellation and replacement without stockholder approval.

Section 6.2 Option Exercise Price. The Option Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the day the Option is granted.

Section 6.3 Exercise of Options. Each Award Agreement shall state the period or periods of time within which the Option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the Option exercise period shall not end later than ten years after the date of the grant of the Option. The Committee shall have the power to permit in its discretion an acceleration of the previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.

Section 6.4 Payment of Option Exercise Price. Except as otherwise provided in the Plan, or in any Award Agreement, the optionee shall pay the Option Exercise Price upon the exercise of any Option (i) in cash, (ii) by authorizing a third party with which the optionee has a brokerage or similar account to sell the Shares (or a sufficient portion of such Shares) acquired upon the exercise of the Option and remit to the Company a portion of the sale proceeds sufficient to pay the entire Option Exercise Price to the Company, (iii) by delivering Shares that have an aggregate Fair Market Value on the date of exercise equal to the Option Exercise Price; (iv) by authorizing the Company to withhold from the total number of Shares as to which the Option is being exercised the number of Shares having a Fair Market Value on the date of exercise equal to the aggregate Option Exercise Price for the total number of Shares as to which the Option is being exercised, (v) by such other means by which the Committee determines to be consistent with the purpose of the Plan and applicable law, or (vi) by any combination of (i), (ii), (iii), (iv), and (v). In the case of an election pursuant to (i) above, cash shall mean cash or check issued by a federally insured bank or savings and loan association and made payable to NiSource Inc. In the case of payment pursuant to (ii) or (iii) above, the optionee's authorization must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an Option, an optionee may file

a blanket election with the Committee, which shall govern all future exercises of Options until revoked by the optionee.

Section 6.5 Transfer of Shares. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

Section 6.6 Additional Rules for Incentive Stock Options.

- (a) Employees. Incentive Stock Options may be granted only to Employees of the Company or a Subsidiary and not to Employees of any Affiliate unless such entity is classified as a “disregarded entity” of the Company or the applicable Subsidiary under the Code. Incentive Stock Options may not be granted to Nonemployee Directors.
- (b) Exercise Limitations. The Committee, in its sole discretion, may provide in each Award Agreement the period or periods of time within which the Option may be exercised by the optionee, in whole or in part, provided that the Option period shall not end later than ten years after the date of the grant of the Option. The aggregate Fair Market Value (determined with respect to each Incentive Stock Option at the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under all incentive stock option plans of the Company and its Subsidiaries) shall not exceed \$100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Shares subject to an Option, which first becomes exercisable in any calendar year, exceeds this limitation, so much of the Option that does not exceed the applicable dollar limit shall be an Incentive Stock Option and the remainder shall be a Nonqualified Stock Option; but in all other respects, the original Award Agreement shall remain in full force and effect. Notwithstanding anything herein to the contrary, if an Incentive Stock Option is granted to an individual who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporations, within the meaning of Code Section 422(b)(6), (i) the purchase price of each Share subject to the Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Share on the date the Incentive Stock Option is granted, and (ii) the Incentive Stock Option shall expire, and all rights to purchase Shares thereunder shall cease, no later than the fifth anniversary of the date the Incentive Stock Option was granted.
- (c) Rights Upon Termination of Service. The rules under Section 6.6 of this Plan generally shall apply when an optionee holding an ISO terminates Service. Notwithstanding the foregoing, in accordance with Code Section 422, if an Incentive

Stock Option is exercised more than ninety days after termination of Service, that portion of the Option exercised after such date shall automatically be a Nonqualified Stock Option, but, in all other respects, the original Award Agreement shall remain in full force and effect.

Article VII **Stock Appreciation Rights**

Section 7.1 Grant of SARs. Stock Appreciation Rights shall be evidenced by Award Agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time. Award Agreements shall specify the Grant Price of the SAR, the duration of the SAR, the number of Shares to which the SAR pertains, provisions for vesting and exercisability, and such other provisions as the Committee shall determine. Award Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with the following terms and conditions.

Section 7.2 Awards. An SAR shall entitle the grantee to receive upon exercise the excess of (i) the Fair Market Value of a specified number of Shares at the time of exercise over (ii) the Grant Price, or, if connected with a previously issued Option, not less than 100% of the Fair Market Value of Shares at the time such Option was granted. An SAR may be a Tandem SAR or may not be granted in connection with an Option.

Section 7.3 Term of SAR. SARs shall be granted for a period of not more than ten years, and shall be exercisable in whole or in part, at such time or times and subject to such other terms and conditions, as shall be prescribed by the Committee at the time of grant, subject to the provisions of this Plan.

Section 7.4 Special Rules for Exercise of Tandem SARs. Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to Shares for which its related Option is then exercisable. Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (i) the Tandem SAR will expire no later than the expiration of the underlying ISO; (ii) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (iii) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

Section 7.5 Payment. Upon exercise of a Stock Appreciation Right, the Participant shall be entitled to receive payment from the Company in an amount determined by multiplying: (i) the difference between the Fair Market Value of a Share on the date of exercise over the Grant Price; by (ii) the number of Shares with respect to which the SAR is exercised. At the discretion of the Committee, payment shall be made in cash, in the form of Shares at Fair Market Value, or in a combination thereof, as the Committee may determine.

Article VIII
Restricted Stock and Restricted Stock Units

Section 8.1 Grants. The Committee, at any time and from time to time, may grant Shares of Restricted Stock or grant Restricted Stock Units to Participants in such amounts as the Committee shall determine. Each Restricted Stock or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units issued to the Participant, and such other provisions as the Committee shall determine. Such Award Agreements shall be consistent with the provisions of this Article VIII.

Section 8.2 Period of Restriction. The end of any Period of Restriction for Restricted Stock or Restricted Stock Units may be conditioned upon the satisfaction of such conditions as are satisfied by the Committee in its sole discretion and set forth in an applicable Award Agreement. Such conditions include, without limitation, restrictions based upon the continued Service of the Participant, the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, and/or restrictions under applicable federal or state securities laws, prohibitions against transfer, and repurchase by the Company or right of first refusal. The Committee shall have the power to permit in its discretion, an acceleration of the expiration of the applicable Period of Restriction with respect to any part or all of the Shares or number of Restricted Stock Units awarded to a Participant.

Section 8.3 Certificates. If a certificate is issued in respect of Shares awarded to a Participant, each certificate shall be deposited with the Company, or its designee, and shall bear the following legend:

“This certificate and the shares represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the NiSource Inc. 2010 Omnibus Incentive Plan and an Award Agreement entered into by the registered owner. Release from such terms and conditions shall be obtained only in accordance with the provisions of the Plan and Award Agreement, a copy of each of which is on file in the office of the Secretary of said Company.”

Section 8.4 Lapse of Restrictions. A Restricted Stock Award Agreement or Restricted Stock Unit Award Agreement shall specify the terms and conditions upon which any restrictions upon Shares awarded or RSUs awarded under the Plan shall lapse, as determined by the Committee. Upon the lapse of such restrictions, any Shares that have been awarded, free of the previously described restrictive legend, shall be issued to the Participant or his legal representative.

Section 8.5 Termination of Service. Each Restricted Stock Award Agreement and Restricted Stock Unit Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Shares of Restricted Stock or Restricted Stock Units following termination of the Participant’s Service. Such provisions shall be determined

in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 8.6 Code Section 83(b) Election. If a Participant makes an election pursuant to Code Section 83(b) with respect to a Restricted Stock Award, the Participant shall be required to promptly file a copy of such election with the Company.

Article IX **Performance Shares Awards**

Section 9.1 Grants of Performance Shares. The Committee, at any time and from time to time, may grant Awards of Performance Shares to Participants in such amounts as the Committee shall determine. Each Performance Shares grant shall be evidenced by an Award Agreement that shall specify the applicable performance period, the number of Shares subject to a Performance Shares Award that are to be delivered to the Participant upon satisfaction of the performance targets by the expiration of the performance period, and such other provisions as the Committee shall determine. Such Award Agreements shall be consistent with the provisions of this Article IX.

Section 9.2 Performance Period and Performance Goals. At the time of award, the Committee, in its sole discretion shall establish a performance period and the performance goals to be achieved during the applicable performance period with respect to an Award of Performance Shares.

Section 9.3 Delivery of Shares. Following the conclusion of each performance period, the Committee shall determine the extent to which performance goals have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine the amount of Shares, if any, to be delivered to the Participant in satisfaction of the Award.

Section 9.4 Termination of Service. Each Performance Shares Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Performance Shares following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Shares Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 9.5 Code Section 162(m). If any Performance Shares are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Performance Shares.

Article X **Performance Units**

Section 10.1 Grant of Performance Units. Subject to the terms of the Plan, Performance Units may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee. Performance Units shall be evidenced by Award Agreements that are subject to the terms of this Article X.

Section 10.2 Performance Period and Performance Goals. Unless otherwise determined by the Committee, at the time of award, the Committee shall establish with respect to each Performance Unit a performance period of not less than two years. At the time of award, the Committee also shall establish, in its sole discretion, the performance goals to be achieved during the applicable performance period with respect to an Award of Performance Units.

Section 10.3 Value of Performance Units. At the time Performance Units are granted, the Committee shall establish with respect to each such Award a value for each Performance Unit, which may vary thereafter determinable from criteria specified by the Committee at the time of Award.

Section 10.4 Code Section 162(m). If any Performance Units are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Performance Units.

Section 10.5 Payment of Performance Units. Following the conclusion of each performance period, the Committee shall determine the extent to which performance targets have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine what, if any, payment is due on the Performance Units. Payment shall be made as soon as practicable after the end of the applicable performance period, but no later than the March 15th of the year after the year in which such performance period ends, in cash, in the form of Shares, or in a combination thereof, as the Committee may determine.

Section 10.6 Termination of Service. Each Performance Unit Award Agreement shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of Performance Units following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Performance Units Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Section 10.7 Other Terms. The Award Agreements with respect to Performance Units shall contain such other terms and provisions and conditions not inconsistent with the Plan as shall be determined by the Committee.

Article XI
Cash-Based Awards

Section 11.1 Grant of Cash-Based Awards. Subject to the terms of the Plan, Cash-Based Awards may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Committee, subject to the terms of this Article XI.

Section 11.2 Performance Period and Performance Goals. Unless otherwise determined by the Committee, the performance period for any Cash-Based Award shall be one year. At the time of award, the Committee also shall establish, in its sole discretion, the performance goals to be achieved during the applicable performance period with respect to Cash-Based Awards.

Section 11.3 Value of Cash-Based Awards. At the time Cash-Based Awards are granted, the Committee shall establish the value of such Awards, which may vary thereafter determinable from criteria specified by the Committee at the time of Award.

Section 11.4 Code Section 162(m). If the grant of any Cash-Based Awards are intended to be 162(m) Awards, the Committee shall follow the procedures set forth in Section 13.1 with respect to such Cash-Based Awards.

Section 11.5 Payment of Cash-Based Awards. If payable, the Participant's Cash-Based Award will be distributed to the Participant, or the Participant's estate in the event of the Participant's death before payment, in cash in a single sum as soon after the end of the applicable performance period as practicable, but no later than March 15th after the end of the performance period, in accordance with the Company's payroll practices.

Section 11.6 Termination of Service. With respect to Cash-Based Awards, the Committee shall set forth the extent, if any, to which the Participant shall have the right to continued or accelerated vesting of such Cash-Based Awards following termination of the Participant's Service. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Cash-Based Awards granted pursuant to the Plan, and may reflect distinctions based on the reasons for termination.

Article XII
Other Stock-Based Awards

The Committee may from time to time grant Shares and other Awards under the Plan that are valued in whole or in part by reference to, or are otherwise based upon and/or payable in Shares. The Committee, in its sole discretion, shall determine the terms and conditions of such Awards, which shall be consistent with the terms and purposes of the Plan.

Article XIII
Awards Under the Plan: Code Section 162(m)

Section 13.1 Compliance with Code Section 162(m).

- (a) General. The Committee may grant Awards that are designed to qualify as 162(m) Awards and Awards that are not 162(m) Awards. In the case of Awards granted to Covered Officers that are intended to be 162(m) Awards, the Committee shall make in writing all determinations necessary to establish the terms of such 162(m) Awards within 90 days of the beginning of the applicable performance period (or such other time period required under Code Section 162(m)), including, without limitation, the designation of the Covered Officers to whom such 162(m) Awards are made, the Performance Measures applicable to the Awards and the Performance Targets that relate to such Performance Measures, and the dollar amounts or number of Shares payable upon achieving the applicable Performance Targets. To the extent required by Code Section 162(m), the provisions of such 162(m) Awards must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable to the Covered Officer. The specific Performance Targets established by the Committee shall be made while the achievement of such Performance Targets remains substantially uncertain in accordance with Code Section 162(m). Subject to the terms of this Plan, after each applicable performance period has ended, the Committee shall determine the extent to which the Performance Targets have been attained or a degree of achievement between minimum and maximum levels with respect to 162(m) Awards in order to establish the level of payment to be made, if any, with respect to such 162(m) Awards, and shall certify the results in writing prior to payment of such 162(m) Awards.
- (b) Performance Targets and Performance Measures. With respect to 162(m) Awards, at the time of grant of a 162(m) Award, the Committee shall establish in writing maximum and minimum Performance Targets to be achieved with respect to each Award during the performance period. The Participant shall be entitled to payment of the entire amount awarded if the maximum Performance Target is achieved during the performance period, but shall be entitled to payment with respect to a portion of the Award according to the level of achievement of Performance Targets, as specified by the Committee, for performance during the performance period that meets or exceeds the minimum Performance Target but fails to meet the maximum Performance Target. With respect to Cash-Based Awards, the Committee may assign payout percentages based upon various potential Performance Targets, ranging from a minimum "Trigger" percentage to a maximum "Stretch" percentage, to be applied if the Performance Targets are met. The Committee has full discretion and authority to determine the "Target," "Trigger," and "Stretch" payouts for Cash-Based Award's performance period.

The Performance Targets established by the Committee may relate to corporate, division, department, or business unit performance and may be established in terms of any one or a combination of the following Performance Measures: (i) growth in gross revenue, (ii) earnings per share, (iii) operating earnings per share, (iv) business unit operating earnings, (v) specified revenue targets, (vi) expense control, (vii) productivity, (viii) ratio of earnings to stockholders' equity or to total assets, (ix) dividend payments, (x) total stockholders' return, (xi) operating income, (xii) return on capital or return on investment, (xiii) return on assets, (xiv) return on net assets, (xv) operating margins, (xvi) earnings before interest and taxes, (xvii) earnings before interest taxes depreciation, amortization and depletion, (xviii) funds from operations, (xix) total debt or change in total debt or the rating on our debt as determined by external rating agencies, (xx) cash from operations, (xxi) gross margins, (xxii) return on equity, (xxiii) net income, (xxiv) pre-tax income, (xxv) specified customer satisfaction targets, (xxvi) specified safety targets, and (xxvii) specified reliability targets. Multiple Performance Targets may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

- (c) Calculation and Adjustments. The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a performance period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) mergers, acquisitions or divestitures, (f) foreign exchange gains and losses, and (g) extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial condition and results of operations appearing in the Company's consolidated report to the investment community or investor letters. To the extent such inclusions or exclusions affect Awards to Covered Officers, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility except as otherwise determined by the Committee in its sole discretion. Awards that are intended to qualify as 162(m) Awards may not be adjusted upward from the amount otherwise payable to a Covered Officer under the pre-established Performance Target. The Committee shall retain the discretion to adjust such Awards downward, either on a formulaic or discretionary basis or a combination of the two, as the Committee determines. If applicable tax and securities laws change to permit Committee discretion to alter the governing Performance Measures or Performance Targets without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

Section 13.2 Non-Code Section 162(m) Awards. In the case of Awards that are not intended to be qualifying as "performance-based compensation" under Code Section 162(m), the

Committee may designate performance targets from among the previously described Performance Measures in this Article or such other business criteria as it determines in its sole discretion. The Committee also may make adjustments to such Performance Measures or other business criteria in any manner it deems appropriate in its discretion.

Article XIV **Dividends and Dividend Equivalents**

No dividends or dividend equivalents may be awarded with respect to any Options or SARs. An Award (other than Options or SARs) may, if so determined by the Committee, provide the Participant with the right to receive dividend payments, or, in the case of Awards that do not involve the issuance of Shares concurrently with the grant of the Award, dividend equivalent payments with respect to Shares subject to the Award (both before and after the Shares are earned, vested or acquired), which payments may be either made currently, credited to an account for the Participant, or deemed to have been reinvested in additional Shares which shall thereafter be deemed to be part of and subject to the underlying Award, including the same vesting and performance conditions. Notwithstanding the foregoing, with respect to Awards subject to performance conditions, any such dividend or dividend equivalent payments shall not be paid currently and instead shall either be credited to an account for the Participant or deemed to have been reinvested in additional Shares. Dividend or dividend equivalent amounts credited to an account for the Participant may be settled in cash or Shares or a combination of both, as determined by the Committee, and shall be subject to the same vesting and performance conditions as the underlying Award. Except as provided otherwise in an Award Agreement, any Participant entitled to receive a cash dividends or dividend equivalents pursuant to his applicable Award may, by written election filed with the Company, at least ten days before the date of payment of such dividend equivalent, elect to have such dividend equivalent credited to an account maintained for his benefit under a dividend reinvestment plan maintained by the Company.

Article XV **Beneficiary Designation**

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article XVI **Change in Control**

Section 16.1 Effect of Change in Control. Notwithstanding any of the provisions of the Plan or any Award Agreement granted hereunder, upon a Change in Control, all outstanding Awards

shall become fully exercisable and all restrictions thereon shall terminate; provided, however, that notwithstanding the above, with respect to Performance Shares, Performance Units, Cash-Based Awards, and other Article XII stock-based Awards, the Committee shall determine and provide through an Award Agreement or other means the extent of vesting and the treatment of partially completed performance periods for any such Performance Shares, Performance Units, Cash-Based Awards, and other Article XII stock-based Awards outstanding upon a Change in Control. Further, the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any Award, either at the time such Award is granted hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the cancellation of any such Award for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Shares covered thereby had such Award been currently exercisable; (ii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iii) cause any such Award then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.

Section 16.2 Participant Elections to Minimize Code Section 4999 Excise Tax.

- (a) Excess Parachute Payment. In the event that any acceleration of vesting pursuant to an Award and any other payment or benefit received or to be received by a Participant would subject the Participant to any excise tax pursuant to Code Section 4999 due to the characterization of such acceleration of vesting, payment or benefit as an excess parachute payment under Code Section 280G, the Participant may elect, in his or her sole discretion, to reduce the amount of any acceleration of vesting called for under the Award in order to avoid such characterization. Such an election, however, may not change the time and form of any payment in a manner that would cause the Participant to incur additional taxes or penalties under Code Section 409A.
- (b) Determination by Independent Accountants. To aid the Participant in making any election called for under part (a) above, no later than the date of the occurrence of any event that might reasonably be anticipated to result in an excess parachute payment to the Participant as described in part (a) above, the Company shall request a determination in writing by independent public accountants selected by the Company (the "Accountants"). As soon as practicable thereafter, the Accountants shall determine and report to the Company and the Participant the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this subpart (b).

Article XVII
Deferrals

The Committee may permit (upon timely election by the Participant) or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or SAR, the lapse or waiver of restrictions with respect to Restricted Stock or Performance Shares, or the satisfaction of any requirements or goals with respect to Performance Units or Cash-Based Awards. If any such deferral election is required or permitted, the Committee may, in its sole discretion, establish rules and procedures for such payment deferrals in a manner consistent with Code Section 409A and the regulations thereunder.

Article XVIII
Withholding

Section 18.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

Section 18.2 Share Withholding. With respect to withholding required upon the exercise of Options or SARs, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax which could be imposed on the transaction. All such elections shall be irrevocable, made in writing before the date in which income is realized by the recipient in connection with the particular transaction, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. The amount of required withholding shall be a specified rate not less than the statutory minimum federal, state and local (if any) withholding rate, and not greater than the maximum federal, state and local (if any) marginal tax rate applicable to the Participant and to the particular transaction.

Article XIX
Compliance with Code Section 409A

Section 19.1 Awards Subject to Code Section 409A. The provisions of this Section 19.1 shall apply to any Award or portion thereof that is or becomes subject to Code Section 409A, notwithstanding any provision to the contrary contained in the Plan or the Award Agreement applicable to such Award. Awards subject to Code Section 409A include, without limitation:

- (a) Any Nonqualified Stock Option having an exercise price per share less than the Fair Market Value determined as of the date of grant of such Option or that permits the deferral of compensation other than the deferral of recognition of income until the

exercise or transfer of the Option or the time the shares acquired pursuant to the exercise of the option first become substantially vested.

- (b) Any Award that either provides by its terms, or under which the Participant makes an election, for settlement of all or any portion of the Award either (i) on one or more dates following the end of the Short-Term Deferral Period (as defined below) or (ii) upon or after the occurrence of any event that will or may occur later than the end of the Short-Term Deferral Period.

Subject to U.S. Treasury Regulations promulgated pursuant to Code Section 409A ("Section 409A Regulations") or other applicable guidance, the term "Short-Term Deferral Period" means the period ending on the later of (i) the 15th day of the third month following the end of the Company's fiscal year in which the applicable portion of the Award is no longer subject to a substantial risk of forfeiture or (ii) the 15th day of the third month following the end of the Participant's taxable year in which the applicable portion of the Award is no longer subject to a substantial risk of forfeiture. For this purpose, the term "substantial risk of forfeiture" shall have the meaning set forth in Section 409A Regulations or other applicable guidance.

Section 19.2 No Acceleration of Distributions. Notwithstanding anything to the contrary herein, this Plan does not permit the acceleration of the time or schedule of any distribution under this Plan pursuant to any Award subject to Code Section 409A, except as provided by Code Section 409A and Section 409A Regulations.

Section 19.3 Separation from Service. If any amount shall be payable with respect to any Award hereunder as a result of a Participant's termination of employment or other Service and such amount is subject to the provisions of Code Section 409A, then notwithstanding any other provision of this Plan, a termination of employment or other Service will be deemed to have occurred only at such time as the Participant has experienced a "separation from service" as such term is defined for purposes of Code Section 409A.

Section 19.4 Timing of Payment to a Specified Employee. If any amount shall be payable with respect to any Award hereunder as a result of a Participant's separation from Service at such time as the Participant is a "specified employee" and such amount is subject to the provisions of Code Section 409A, then notwithstanding any other provision of this Plan, no payment shall be made, except as permitted under Code Section 409A, prior to the first day of the seventh (7th) calendar month beginning after the Participant's separation from Service (or the date of his or her earlier death). The Company may adopt a specified employee policy that will apply to identify the specified employees for all deferred compensation plans subject to Code Section 409A; otherwise, specified employees will be identified using the default standards contained in the regulations under Code Section 409A.

Article XX **Amendment and Termination**

Section 20.1 Amendment, Modification, and Termination of the Plan. The Board or the Committee may at any time terminate, suspend or amend the Plan without the authorization of stockholders to the extent allowed by law, including without limitation any rules issued by the Securities and Exchange Commission under Section 16 of the 1934 Act, insofar as stockholder approval thereof is required in order for the Plan to continue to satisfy the requirements of Rule 16b-3 under the 1934 Act, or the rules of any applicable stock exchange. No termination, suspension or amendment of the Plan shall adversely affect any right acquired by any Participant under an Award granted before the date of such termination, suspension or amendment, unless such Participant shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right.

Section 20.2 Amendment of Awards. The Committee may unilaterally amend the terms of any Award Agreement previously granted, except that (i) no such amendment may materially impair the rights of any Participant under the applicable Award without the Participant's consent, unless such amendment is necessary to comply with applicable law, stock exchange rules or accounting rules; and (ii) in no event may an Option or SAR be amended or modified, other than as provided in Section 4.4, to decrease the Option or SAR exercise or base price thereof, or be cancelled in exchange for cash, a new Option or SAR with a lower exercise price or base price, or other Awards, or otherwise be subject to any action that would be treated for accounting purposes as a "repricing" of such Option or SAR, unless such action is approved by the Company's stockholders.

Article XXI **Miscellaneous**

Section 21.1 Approval Restrictions. Each Award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Shares subject or related thereto upon any securities exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the recipient of an Award with respect to the disposition of Shares is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of Shares thereunder, such Award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained, free of any conditions not acceptable to the Committee.

Section 21.2 Securities Law Compliance. With respect to Participants subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. If any provision of this Plan or of any Award Agreement would otherwise frustrate or conflict with the intent expressed in the preceding sentence, that provision to the extent possible shall be interpreted and deemed amended in the manner determined by the Committee so as to avoid the conflict. To the extent of any remaining irreconcilable conflict with this intent, the provision shall be deemed void as applicable to

Participants who are then subject to Section 16 of the 1934 Act. In addition, no Shares will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Shares may be listed, have been fully met. As a condition precedent to the issuance of Shares pursuant to the grant, exercise, vesting or settlement of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any Shares issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such Shares of the same class are then listed, and under any blue sky or other securities laws applicable to such Shares.

Section 21.3 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular and the singular shall include the plural.

Section 21.4 Rights as a Stockholder. The recipient of any Award under the Plan, unless otherwise provided by the Plan, shall have no rights as a stockholder with respect thereto unless and until certificates for Shares are issued to the recipient.

Section 21.5 Forfeiture. The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause or any act by a Participant, whether before or after termination of Service, that would constitute Cause for termination of Service.

Section 21.6 Rights as Employee or Nonemployee Director. No person, even though eligible pursuant to Article V, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. Nothing in the Plan or any Award granted under the Plan shall confer on any Participant a right to remain an Employee or Nonemployee Director or interfere with or limit in any way any right of the Company or Affiliate to terminate the Participant's Service at any time. To the extent that an Employee of an Affiliate receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that the Company is the Employee's employer or that the Employee has an employment relationship with the Company.

Section 21.7 Fractional Shares. The Company shall not be required to issue fractional shares upon the exercise or settlement of any Award.

Section 21.8 Effect on Other Plans. Unless otherwise specifically provided, participation in the Plan shall not preclude a Participant's eligibility to participate in any other benefit or incentive plan. Any Awards made pursuant to the Plan shall not be considered as compensation in determining the benefits provided under any other plan.

Section 21.9 No Constraint on Corporate Action. Nothing in this Plan shall be construed to: (a) limit, impair, or otherwise affect the Company's or an Affiliate's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets; or (b) limit the right or power of the Company or an Affiliate to take any action which such entity deems to be necessary or appropriate.

Section 21.10 Over/Under Payments. If any Participant or beneficiary receives an underpayment of Shares or cash payable under the terms of any Award, payment of any such shortfall shall be made as soon as administratively practicable. If any Participant or beneficiary receives an overpayment of Shares or cash payable under the terms of any Award for any reason, the Committee or its delegate shall have the right, in its sole discretion, to take whatever action it deems appropriate, including but not limited to the right to require repayment of such amount or to reduce future payments under this Plan, to recover any such overpayment. Notwithstanding the foregoing, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, and if the Participant knowingly or through gross negligence engaged in the misconduct, or knowingly or through gross negligence failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission of the financial document embodying such financial reporting requirement.

Section 21.11 Unfunded Obligation. Participants shall have the status of general unsecured creditors of the Company. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. No Affiliate shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or any Affiliate and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of any Affiliate. The Participants shall have no claim against any Affiliate for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Plan.

Section 21.12 No Liability With Respect to Adverse Tax Treatment. Notwithstanding any provision of this Plan to the contrary, in no event shall the Company or any Affiliate be liable to a Participant on account of an Award's failure to (i) qualify for favorable U.S., foreign, state, local, or other tax treatment or (ii) avoid adverse tax treatment under U.S., foreign, state, local, or other law, including, without limitation, Code Section 409A.

Section 21.13 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

Section 21.14 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 21.15 Governing Law. To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of Indiana.

Section 21.16 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company.

Section 21.17 Provisions Regarding Transferability of Awards.

- (a) **General.** Except as otherwise provided below, Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Except as otherwise provided in the Plan, all rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to such Participant.

- (b) **Nonqualified Stock Options and Stock Appreciation Rights.** No NSO or SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined in the Code or Title 1 of the Employee Retirement Income Security Act or the rules thereunder. Notwithstanding the foregoing or anything in part (a) above, a Participant, at any time prior to his death, may assign all or any portion of the NSO or SAR to (i) his spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his spouse or lineal descendant, or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event the spouse, lineal descendant, trustee or tax-exempt organization shall be entitled to all of the rights of the Participant with respect to the assigned portion of such NSO or SAR, and such portion of the NSO or SAR shall continue to be subject to all of the terms, conditions and restrictions applicable to the NSO or SAR as set forth herein, and in the related Award Agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the Participant does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the

Participant, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment.

- (c) Incentive Stock Options. Notwithstanding anything in part (a) and (b) above, no ISO may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or the laws of descent or distribution.
- (d) Nonemployee Directors. Notwithstanding anything in parts (a), (b), or (c) to the contrary, a Nonemployee Director at any time prior to his or her death, may assign all or any portion of an Award granted to him or her under the Plan to (i) his or her spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his or her spouse or lineal descendant or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event, the spouse, lineal descendant, trustee, or tax-exempt organization shall be entitled to all of the rights of the Participant with respect to the assigned portion of such Award, and such portion of the Award shall continue to be subject to all of the terms, conditions and restrictions applicable to the Award as set forth herein, and in the related Award Agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the Participant does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the Participant, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment.

Exhibit A

**2013 CASH-BASED AWARDS
TERMS AND CONDITIONS FOR COVERED OFFICERS**

*NiSource Inc.
2010 Omnibus Incentive Plan*

1. Background

Article XI of the Plan provides that the Committee may grant Cash-Based Awards to Participants under such terms described by the Committee, subject to the terms of the Plan. This document sets forth the terms and conditions of how Cash-Based Awards will be paid for the applicable Performance Period that begins January 1, 2013 and ends December 31, 2013, to the designated covered officers of the Corporation including the individuals listed below and any additional active executive officer of the Corporation who holds the position held by one of the individuals listed below in Section 4 who is a "Named Executive Officer" within the meaning of the proxy disclosure rules of the Securities and Exchange Commission for the year-ended 2013 ("Covered Officers"). Any capitalized term that is not defined in this document shall have the meaning assigned to it in the Plan.

2. Performance Measure and Performance Target

The Performance Measure for determining Cash-Based Awards is the Corporation's Operating Income. The Performance Target is Operating Income that is greater than \$0.00. If this Performance Target is not achieved, no Cash-Based Awards shall be paid.

3. Value of Awards and Creation of Incentive Pool

The total value of Cash-Based Awards paid to Covered Officers may not exceed an amount equal to one percent of the Corporation's Operating Income during the Performance Period. This amount shall represent the Incentive Pool from which Cash-Based Awards may be paid to Covered Officers.

4. Allocation of Incentive Pool

The value of Cash-Based Awards payable to each Covered Officer from the Incentive Pool shall be determined as follows:

Covered Officer	Percent of Incentive Pool
Skaggs	30% of Pool
Hamrock	12.5% of Pool
Smith	12.5% of Pool
Stanley	12.5% of Pool
Staton	12.5% of Pool
Hightman	10% of Pool
Kettering	10% of Pool

The Cash-Based Award payable to any Covered Officer who is a Covered Officer because he or she holds the position held by one of the individuals listed above in this Section 4 shall succeed to such individual's percentage of the pool specified above.

The Committee shall have no discretion to increase the value of Cash-Based Awards to an amount greater than those percentages specified in the table above.

5. Maximum Awards Payable to Covered Officers

Notwithstanding any provision to the contrary, in no event may the amount of any individual Cash-Based Award, when aggregated with other Cash-Based Awards during a Performance Period, exceed \$10 million.

6. Extraordinary Events

For purposes of calculating the amount of Cash-Based Awards payable to a Covered Officer, the Committee shall adjust the Cash-Based Awards to reflect the following extraordinary and other similar items to the extent that they impact Operating Income by more than \$50 million individually:

- A. Asset write-downs;
- B. Litigation or claim judgments or settlements;
- C. The effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results;
- D. Any reorganization or restructuring programs;
- E. Mergers, acquisitions or divestitures;
- F. Foreign exchange gains and losses; and
- G. Extraordinary, unusual, or other nonrecurring items as described in U.S. Generally Accepted Accounting Principles or in management's discussion and analysis of financial conditions and results of operations appearing in the Company's consolidated report to the investment community or investor letters.

7. Discretion to Reduce Amounts Payable

Notwithstanding any provision to the contrary, the Committee shall have the discretion to reduce the amount of Cash-Based Awards payable to Covered Officers.

**FIRST AMENDMENT TO THE
NISOURCE INC.
1994 LONG-TERM INCENTIVE PLAN**

(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2005)

BACKGROUND

- A. NiSource Inc. (the "Company") maintains the NiSource Inc. 1994 Long-Term Incentive Plan, amended and restated effective January 1, 2005 (the "Plan").
- B. The Company desires to amend the Plan to allow the Company's Chief Executive Officer to have discretion to grant awards to certain employees.
- C. The Company also desires to amend the Plan to establish a claw-back provision in which the Company recovers from a participant in the Plan amounts previously paid to the Participant when the Company later learns that such payment was not proper.
- D. Section 21 of the Plan gives the Company the ability to amend the Plan.

PLAN AMENDMENT

- 1. Section 3(c) is added to the Plan to read as follows:
 - (c) **CEO's Pool of Shares.** A portion of the shares available for Awards under this Plan, to be determined by the Committee, may be reserved for the Chief Executive Officer of the Corporation (the "CEO") to make certain Awards (the "CEO Pool"). The CEO may grant any type of Award with shares from the CEO Pool; provided however, that the CEO may not grant any Award to any executive officers. Awards available for grant from the CEO Pool will be authorized from time to time by the Committee. The Committee may at any time remove from the CEO Pool any shares that have not yet been granted under Awards.
- 2. Section 25 is added to the Plan to read as follows:
 - 25. Over/Under Payment.** If any Participant or beneficiary receives an underpayment of Shares or cash payable under the terms of any Award, payment of any such shortfall shall be made as soon as administratively practicable. If any Participant or beneficiary receives an overpayment of Shares or cash payable under the terms of any Award for any reason, the Committee or its delegate shall have the right, in its sole discretion, to take whatever action it deems appropriate, including but not limited to the right to require repayment of such amount or to reduce future payments under this Plan, to recover any such overpayment. Notwithstanding the foregoing, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, and if

the Participant knowingly or grossly negligently engaged in the misconduct, or knowingly or grossly negligently failed to prevent the misconduct, or if the Participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, the Participant shall reimburse the Company the amount of any payment in settlement of an Award earned or accrued during the twelve- (12-) month period following the first public issuance or filing with the United States Securities and Exchange Commission (whichever just occurred) of the financial document embodying such financial reporting requirement.

3. The remainder of the Plan shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this First Amendment to be executed on its behalf, by its officer duly authorized, this 23rd day of January, 2009.

NISOURCE INC.

By: /s/ Robert D. Campbell

Exhibit 10.4

**NISOURCE INC.
1994 LONG-TERM INCENTIVE PLAN
As Amended and Restated Effective January 1, 2005**

NISOURCE INC.
1994 LONG-TERM INCENTIVE PLAN
As Amended and Restated Effective January 1, 2005

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NISOURCE INC.
1994 Long-Term Incentive Plan

(As Amended and Restated Effective January 1, 2004)

WHEREAS, NiSource Inc. (formerly NIPSCO Industries, Inc.) (the "Company") adopted the NIPSCO Industries, Inc. 1994 Long-Term Incentive Plan effective April 13, 1994, as amended and restated effective April 14, 1999, and now known as the NiSource Inc. 1994 Long-Term Incentive Plan (the "Plan");

WHEREAS, the Company further amended and restated the Plan effective January 1, 2000, and again amended and restated the Plan effective January 1, 2004; and

WHEREAS, pursuant to Section 21 of the Plan, the Company wishes to further amend and restate the Plan, effective January 1, 2005, as set forth below, to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Code") with respect to benefits earned under the Plan from and after January 1, 2005. Benefits under the Plan earned and vested prior to January 1, 2005 shall be administered without giving effect to Code Section 409A, and guidance and regulations thereunder.

NOW THEREFORE, the Plan is hereby amended and restated, effective January 1, 2005, as follows:

1. **Purpose.** The purpose of the NiSource Inc. 1994 Long-Term Incentive Plan (the "Plan") is to further the earnings of NiSource Inc. (the "Company") and its subsidiaries. The Plan provides long-term incentives to those officers and key executives who make substantial contributions by their ability, loyalty, industry and invention. The Company intends that the Plan will thereby facilitate securing, retaining, and motivating management employees of high caliber and potential.
2. **Administration.** The Plan shall be administered by the Officer Nomination and Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"). The Committee shall be composed of not fewer than two members of the Board who are "nonemployee directors" of the Company within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and "outside directors" of the Company within the meaning of Code Section 162(m), and the regulations thereunder. Subject to the express provisions of the Plan, the Committee may interpret the Plan, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of awards to officers and other key executive employees under the Plan (which need not be identical), and make such other determinations as it deems necessary or advisable for the administration of the Plan. The decisions of the Committee under the Plan shall be conclusive and binding. No member of the Board or of the Committee shall be liable for any action taken, or determination made, hereunder in good faith. Service on the Committee shall constitute service as a

director of the Company so that members of the Committee shall be entitled to indemnification and reimbursement as directors of the Company, pursuant to its by-laws.

3. Common Stock Subject to the Plan.

(a) **Aggregate Shares.** Subject to the provisions of subsection 3(b), the shares that may be issued, or may be the measure of stock appreciation rights granted, under the Plan shall not exceed in the aggregate 43,000,000 shares of common stock, \$0.01 par value per share, of the Company (the "Common Stock"), any or all of which may be allocated to incentive stock options. Such shares may be authorized and unissued shares or treasury shares. Except as otherwise provided herein, any shares subject to an option or right which for any reason expires or is terminated, unexercised as to such shares, shall again be available under the Plan.

(b) **Adjustment to Number of Shares.**

- (i) Appropriate adjustments in the aggregate number of shares of Common Stock issuable pursuant to the Plan, the number of shares of Common Stock subject to each outstanding award granted under the Plan, the option price with respect to options and connected stock appreciation rights, the specified price of stock appreciation rights not connected to options, and the value for performance units, shall be made to give effect to any increase or decrease in the number of issued shares of Common Stock resulting from a subdivision or consolidation of shares, whether through recapitalization, stock split, reverse stock split, spin-off, spin-out or other distribution of assets to stockholders, stock distributions or combinations of shares, payment of stock dividends, other increase or decrease in the number of such shares of Common Stock outstanding effected without receipt of consideration by the Company, or any other occurrence for which the Committee determines an adjustment is appropriate.
- (ii) In the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, or an acquisition by the Company of the stock or assets of any other corporation or corporations, there shall be substituted on an equitable basis, as determined by the Committee in its sole discretion, for each share of Common Stock then subject to the Plan, and for each share of Common Stock then subject to an award granted under the Plan, the number and kind of shares of stock, other securities, cash or other property to which the holders of Common Stock of the Company are entitled pursuant to such transaction.
- (iii) Without limiting the generality of the foregoing provisions of this paragraph, any such adjustment shall be deemed to have prevented any dilution or enlargement of a participant's rights, if such participant receives in any such adjustment, rights that are substantially similar (after

taking into account the fact that the participant has not paid the applicable option price) to the rights the participant would have received had he exercised his outstanding award and become a shareholder of the Company immediately prior to the event giving rise to such adjustment. Adjustments under this paragraph shall be made by the Committee, whose decision as to the amount and timing of any such adjustment shall be conclusive and binding on all persons.

4. **Participants.** Persons eligible to participate shall be limited to those officers and other key executive employees of the Company and its subsidiaries who are in positions in which their decisions, actions and counsel significantly impact upon profitability. Directors who are not otherwise officers or employees shall not be eligible to participate in the Plan.
5. **Awards Under the Plan.** Awards under the Plan may be in the form of stock options (both options designed to satisfy statutory requirements necessary to receive favorable tax treatment pursuant to any present or future legislation and options not designed to so qualify), incentive stock options, stock appreciation rights, performance units, restricted Common Stock, contingent stock awards, or such combinations of the above as the Committee may in its discretion deem appropriate. Except in accordance with equitable adjustments as provided in subsection 3(b), no stock option granted under the Plan shall at any time be repriced or subject to cancellation and replacement.
6. **Section 162(m) Limitations.** Subject to subsection 3(b) of the Plan, the maximum number of stock options and stock appreciation rights that may be granted to any person who qualifies as an executive officer named from time to time in the summary compensation table in the Company's annual meeting proxy statement and who is employed by the Company on the last day of the taxable year (the "SCT Executives") shall be 600,000 options and stock appreciation rights with respect to shares of Common Stock per year and 3,000,000 options and stock appreciation rights with respect to shares of Common Stock during the term of the Plan. The maximum number of performance units that may be granted to any SCT Executive shall be 400,000 units per year, provided that no more than 800,000 units may be granted in any three year period and the maximum number of units that may be granted to any SCT Executive during the term of the Plan shall be 1,500,000. The maximum number of restricted stock awards that may be granted to any SCT Executive shall be 400,000 shares of Common Stock per year, provided that no more than 800,000 shares of restricted Common Stock may be granted in any three year period, and that the maximum number of shares of restricted Common Stock that may be granted to any SCT Executive during the term of the Plan shall be 1,500,000. The maximum number of contingent stock awards that may be granted to any SCT Executive shall be 400,000 shares of Common Stock per year, provided that no more than 800,000 shares of Common Stock may be subject to contingent stock awards granted in any three year period and the maximum number of shares of Common Stock subject to contingent stock awards that may be granted to any SCT Executive during the term of the Plan shall be 1,500,000. The limitations set forth in this Section 6 shall relate

only to years or other periods of time in which such awards constitute "applicable employee remuneration" under Code Section 162(m).

7. **NonQualified Stock Options.** Options shall be evidenced by stock option agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:
- (a) **Option Price.** The purchase price per each share of Common Stock deliverable upon the exercise of an option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the day the option is granted, as determined by the Committee.
 - (b) **Exercise of Option.** Each stock option agreement shall state the period or periods of time within which the option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the option exercise period shall not end later than ten years after the date of the grant of the option. The Committee shall have the power to permit in its discretion an acceleration of the previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.
 - (c) **Payment for Common Stock.** Except as otherwise provided in the Plan, or in any stock option agreement, the optionee shall pay the purchase price of the Common Stock upon the exercise of any option (i) in cash, (ii) in cash received from a broker-dealer to whom the optionee has submitted an exercise notice consisting of a fully endorsed option (however in the case of an optionee subject to Section 16 of the 1934 Act, this payment option shall only be available to the extent such payment procedures comply with Regulation T issued by the Federal Reserve Board), (iii) by delivering Common Stock owned by the optionee for at least six months prior to the date of exercise having an aggregate Fair Market Value on the date of exercise equal to the option exercise price, (iv) by such other medium of payment as the Committee in its discretion shall authorize at the time of grant, or (v) by any combination of (i), (ii), (iii) and (iv). In the case of an election pursuant to (i) or (ii) above, cash shall mean cash or check issued by a federally insured bank or savings and loan association and made payable to NiSource Inc. In the case of payment pursuant to (ii) or (iii) above, the optionee's election must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an option, an optionee may file a blanket election with the Committee, which shall govern all future exercises of options until revoked by the optionee. The Company shall issue, in the name of the optionee, stock certificates representing the total number of shares of Common Stock issuable pursuant to the exercise of any option as soon as reasonably practicable after such exercise, provided that any Common Stock purchased by an optionee through a broker-dealer pursuant to clause (ii) above, shall be delivered to such broker-dealer in accordance with 12 C.F.R. § 220.3(e)(4), or other applicable provision of law.

- (d) **Transferability.** Each stock option agreement shall provide that the option subject thereto is not transferable by the optionee otherwise than by will or the laws of descent or distribution. Notwithstanding the preceding sentence, an optionee, at any time prior to his death, may assign all or any portion of the option to (i) his spouse or lineal descendant, (ii) the trustee of a trust for the primary benefit of his spouse or lineal descendant, or (iii) a tax-exempt organization as described in Code Section 501(c)(3). In such event the spouse, lineal descendant, trustee or tax-exempt organization shall be entitled to all of the rights of the optionee with respect to the assigned portion of such option, and such portion of the option shall continue to be subject to all of the terms, conditions and restrictions applicable to the option as set forth herein, and in the related stock option agreement, immediately prior to the effective date of the assignment. Any such assignment shall be permitted only if (i) the optionee does not receive any consideration therefore, and (ii) the assignment is expressly approved by the Committee or its delegate. Any such assignment shall be evidenced by an appropriate written document executed by the optionee, and a copy thereof shall be delivered to the Committee or its delegate on or prior to the effective date of the assignment. This paragraph shall apply to all nonqualified stock options granted under the Plan at any time.
- (e) **Rights Upon Termination of Employment.** In the event that an optionee ceases to be an employee for any reason other than death, Disability or retirement, the optionee shall have the right to exercise the option during its term within a period of thirty days after such termination to the extent that the option was exercisable at the date of such termination of employment, or during such other period and subject to such terms as may be determined by the Committee. In the event that an optionee dies, retires, or becomes Disabled prior to termination of his option without having fully exercised his option, the optionee or his successor shall have the right to exercise the option during its term within a period of three years after the date of such termination due to death, Disability or retirement, to the extent that the option was exercisable at the date of termination due to death, Disability or retirement, or during such other period and subject to such terms as may be determined by the Committee. For purposes of the Plan, the term "retirement" shall mean retirement as defined in the Company's pension plan.
8. **Incentive Stock Options.** Incentive stock options shall be evidenced by stock option agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:
- (a) **Option Price.** Except as otherwise provided in subsection 8(b), the purchase price per share of stock deliverable upon the exercise of an incentive stock option shall not be less than 100% of the Fair Market Value of the Common Stock on the day the option is granted, as determined by the Committee.

- (b) **Exercise of Option.** Each stock option agreement shall state the period or periods of time within which the option may be exercised by the optionee, in whole or in part, which shall be such period or periods of time as may be determined by the Committee, provided that the option period shall not commence earlier than six months after the date of the grant of the option nor end later than ten years after the date of the grant of the option. The aggregate Fair Market Value (determined with respect to each incentive stock option at the time of grant) of the Common Stock with respect to which incentive stock options are exercisable for the first time by an individual during any calendar year (under all incentive stock option plans of the Company and its parent and subsidiary corporations) shall not exceed \$100,000. If the aggregate Fair Market Value (determined at the time of grant) of the Common Stock subject to an option, which first becomes exercisable in any calendar year, exceeds the limitation of this Section 8(b), so much of the option that does not exceed the applicable dollar limit shall be an incentive stock option and the remainder shall be a nonqualified stock option; but in all other respects, the original option agreement shall remain in full force and effect. As used in this Section 8, the words "parent" and "subsidiary" shall have the meanings given to them in Code Sections 424(e) and 424(f). Notwithstanding anything herein to the contrary, if an incentive stock option is granted to an individual who owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its parent or subsidiary corporations, within the meaning of Code Section 422(b)(6), (i) the purchase price of each share of Common Stock subject to the incentive stock option shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date the incentive stock option is granted, and (ii) the incentive stock option shall expire, and all rights to purchase Common Stock thereunder shall cease, no later than the fifth anniversary of the date the incentive stock option was granted.
- (c) **Payment for Common Stock.** Except as otherwise provided in the Plan or in any stock option agreement, the optionee shall pay the purchase price of the Common Stock upon the exercise of any option (i) in cash, (ii) in cash received from a broker-dealer to whom the optionee has submitted an exercise notice consisting of a fully-endorsed option (however, in the case of an optionee subject to Section 16 of the 1934 Act, this payment option shall only be available to the extent such payment procedures comply with Regulation T issued by the Federal Reserve Bank), (iii) by delivering Common Stock owned by the optionee for at least six months prior to the date of exercise having an aggregate Fair Market Value on the date of exercise equal to the option exercise price, (iv) by such other medium of payment as the Committee in its discretion shall authorize at the time of grant, or (v) by any combination of (i), (ii), (iii) and (iv). In the case of an election pursuant to (i) or (ii), cash shall mean cash or check issued by a federally insured bank or savings and loan association made payable to NiSource Inc. In the case of a payment pursuant to (ii) or (iii) above, the optionee's election must be made on or prior to the date of exercise and shall be irrevocable. In lieu of a separate election governing each exercise of an option, an optionee may file a

blanket election with the Committee, which shall govern all future exercises of options until revoked by the optionee. The Company shall issue, in the name of the optionee, stock certificates representing the total number of shares of Common Stock issuable pursuant to the exercise of any option as soon as reasonably practicable after such exercise, provided that any Common Stock purchased by an optionee through a broker-dealer pursuant to clause (ii) above, shall be delivered to such broker-dealer in accordance with 12 C.F.R. § 220.3(e)(4), or other applicable provision of law.

- (d) **Transferability.** Each stock option agreement shall provide that it is not transferable by the optionee otherwise by will or the laws of descent or distribution.
- (e) **Rights Upon Termination of Employment.** In the event that an optionee ceases to be an employee for any reason other than death, Disability or retirement, the optionee shall have the right to exercise the option during its term within a period of thirty days after such termination to the extent that the option was exercisable at the date of such termination of employment, or during such other period and subject to such terms as may be determined by the Committee. In the event that an optionee dies, retires, or becomes Disabled prior to termination of his option without having fully exercised his option, the optionee or his successor shall have the right to exercise the option during its term within a period of three years after the date of such termination due to death, Disability or retirement, to the extent that the option was exercisable at the date of termination due to death, Disability or retirement, or during such other period and subject to such terms as may be determined by the Committee. Notwithstanding the foregoing, in accordance with Code Section 422, if an incentive stock option is exercised more than ninety days after termination of employment, that portion of the option exercised after such date shall automatically be a nonqualified stock option, but, in all other respects, the original option agreement shall remain in full force and effect.

The provisions of this Section 8 shall be construed and applied, and (subject to the limitations of Section 24) shall be amended from time to time so as to comply with Code Section 422 or its successors and regulations issued thereunder.

9. **Stock Appreciation Rights.** Stock appreciation rights shall be evidenced by stock appreciation right agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:
- (a) **Awards.** A stock appreciation right shall entitle the grantee to receive upon exercise the excess of (i) the Fair Market Value of a specified number of shares of the Company's Common Stock at the time of exercise over (ii) a specified price which shall not be less than 100% of the Fair Market Value of the Common Stock at the time the stock appreciation right was granted, or, if connected with a previously issued stock option, not less than 100% of the Fair Market Value of

Common Stock at the time such option was granted. A stock appreciation right may be granted in connection with all or any portion of a previously or contemporaneously granted stock option or not in connection with a stock option.

- (b) **Term.** Stock appreciation rights shall be granted for a period of not less than one year nor more than ten years, and shall be exercisable in whole or in part, at such time or times and subject to such other terms and conditions, as shall be prescribed by the Committee at the time of grant, subject to the following:
 - (i) Stock appreciation rights shall be exercisable only during a grantee's employment, except that in the discretion of the Committee a stock appreciation right may be made exercisable for up to thirty days after the grantee's employment is terminated for any reason other than death, Disability or retirement. In the event that a grantee dies, retires, or becomes Disabled without having fully exercised his stock appreciation rights, the grantee or his successor shall have the right to exercise the stock appreciation rights during their term within a period of three years after the date of such termination due to death, Disability or retirement to the extent that the right was exercisable at the date of such termination or during such other period and subject to such terms as may be determined by the Committee.
 - (ii) The Committee shall have the power to permit in its discretion an acceleration of previously determined exercise terms, within the terms of the Plan, under such circumstances and upon such terms and conditions as it deems appropriate.
 - (c) **Payment.** Upon exercise of a stock appreciation right, payment shall be made in cash, in the form of Common Stock at Fair Market Value, or in a combination thereof, as the Committee may determine.
10. **Performance Units.** Performance Units ("Units") shall be evidenced by performance unit agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:
- (a) **Performance Period.** At the time of award, the Committee shall establish with respect to each Unit award a performance period of not less than two, nor more than five, years.
 - (b) **Valuation of Units.** At the time of award, the Committee shall establish with respect to each such award a value for each Unit which shall not thereafter change, or which may vary thereafter determinable from criteria specified by the Committee at the time of award.
 - (c) **Performance Targets.** At the time of award, the Committee shall establish maximum and minimum performance targets to be achieved with respect to each

award during the performance period. The participant shall be entitled to payment with respect to all Units awarded if the maximum target is achieved during the performance period, but shall be entitled to payment with respect to a portion of the Units awarded according to the level of achievement of performance targets, as specified by the Committee, for performance during the performance period that meets or exceeds the minimum target but fails to meet the maximum target.

The performance targets established by the Committee shall relate to corporate, division, or unit performance and may be established in terms of growth in gross revenue, earnings per share, ratio of earnings to shareholders' equity or to total assets, dividend payments and total shareholders' return. Multiple targets may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

- (d) **Adjustments.** At any time prior to payment of the Units, the Committee may adjust previously established performance targets and other terms and conditions, including the corporation's, or division's or unit's financial performance for Plan purposes, to reflect major unforeseen events such as changes in laws, regulations or accounting practices, mergers, acquisitions or divestitures or extraordinary, unusual or non-recurring items or events.
 - (e) **Payments of Units.** Following the conclusion of each performance period, the Committee shall determine the extent to which performance targets have been attained for such period as well as the other terms and conditions established by the Committee. The Committee shall determine what, if any, payment is due on the Units. Payment shall be made as soon as practicable after the end of the applicable Performance Period in cash, in the form of Common Stock at Fair Market Value, or in a combination thereof, as the Committee may determine.
 - (f) **Termination of Employment.** In the event that a participant holding a Unit award ceases to be an employee prior to the end of the applicable performance period by reason of death, Disability or retirement, his Units, to the extent earned under the applicable performance targets, shall be payable at the end of the performance period in proportion to the active service of the participant during the performance period, as determined by the Committee. Upon any other termination of employment, participation shall terminate forthwith and all outstanding Units held by the participant shall be canceled.
 - (g) **Other Terms.** The Unit agreements shall contain such other terms and provisions and conditions not inconsistent with the Plan as shall be determined by the Committee.
11. **Restricted Stock Awards.** Restricted stock awards under the Plan shall be in the form of Common Stock of the Company, restricted as to transfer and subject to forfeiture, and

shall be evidenced by restricted stock agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

- (a) **Restriction Period.** Restricted Common Stock awarded pursuant to the Plan shall be subject to such terms, conditions, and restrictions, including without limitation: prohibitions against transfer, substantial risks of forfeiture, attainment of performance objectives and repurchase by the Company or right of first refusal, and for such period or periods as shall be determined by the Committee at the time of grant. The Committee shall have the power to permit in its discretion, an acceleration of the expiration of the applicable restriction period with respect to any part or all of the Common Stock awarded to a participant.

The performance objectives established by the Committee shall relate to corporate, division or unit performance, and may be established in terms of growth and gross revenue, earnings per share, ratio of earnings to shareholder's equity or to total assets, dividend payments and total shareholders' return. Multiple objectives may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

- (b) **Restrictions Upon Transfer.** Common Stock awarded, and the right to vote such Common Stock and to receive dividends thereon, may not be sold, assigned, transferred, exchanged, pledged, hypothecated, or otherwise encumbered, except as herein provided, during the restriction period applicable to such Common Stock. Subject to the foregoing, and except as otherwise provided in the Plan or a restricted stock award agreement, the participant shall have all the other rights of a shareholder including, but not limited to, the right to receive dividends and the right to vote such Common Stock.

- (c) **Certificates.** Each certificate issued in respect of Common Stock awarded to a participant shall be deposited with the Company, or its designee, and shall bear the following legend:

"This certificate and the shares represented hereby are subject to the terms and conditions (including forfeiture and restrictions against transfer) contained in the NiSource Inc. 1994 Long-Term Incentive Plan and an Agreement entered into by the registered owner. Release from such terms and conditions shall be obtained only in accordance with the provisions of the Plan and Agreement, a copy of each of which is on file in the office of the Secretary of said Company."

- (d) **Lapse of Restrictions.** A restricted stock agreement shall specify the terms and conditions upon which any restrictions upon Common Stock awarded under the Plan shall lapse, as determined by the Committee. Upon the lapse of such

restrictions, Common Stock, free of the foregoing restrictive legend, shall be issued to the participant or his legal representative.

- (e) **Termination Prior to Lapse of Restrictions.** In the event of a participant's termination of employment, other than due to death, Disability or retirement, prior to the lapse of restrictions applicable to any Common Stock awarded to such participant, all Common Stock as to which there still remains unexpired restrictions shall be forfeited by such participant without payment of any consideration to the participant, and neither the participant nor any successors, heirs, assigns, or personal representatives of such participant shall thereafter have any further rights or interest in such Common Stock or certificates.

12. **Contingent Stock Awards.** Contingent stock awards under the Plan shall be in the form of the issuance of Common Stock of the Company following the lapse of restrictions applicable to such awards. Such awards shall be restricted as to transfer and subject to forfeiture, and shall be evidenced by contingent stock award agreements in such form and not inconsistent with the Plan as the Committee shall approve from time to time, which agreements shall contain in substance the following terms and conditions:

- (a) **Restriction Period.** Contingent stock awards shall be subject to such terms, conditions and restrictions, including without limitations, prohibitions against transfer, substantial risk of forfeiture and attainment of performance objectives, and for such period or periods, as shall be determined by the Committee at the time of grant. The Committee shall have the power to permit in its discretion an acceleration of the expiration of the applicable restriction period with respect to any part or all of a contingent stock award.

The performance objectives established by the Committee shall relate to corporate, division or unit performance, and may be established in terms of growth and gross revenue, earnings per share, ratios of earnings to shareholders' equity or to total assets, dividend payments and total shareholders' return. Multiple objectives may be used and may have the same or different weighting, and they may relate to absolute performance or relative performance as measured against other institutions or divisions or units thereof.

- (b) **Lapse of Restrictions.** A contingent stock award agreement shall specify the terms and conditions upon which any restrictions applicable to such award shall lapse as determined by the Committee. Upon lapse of such restrictions, Common Stock subject to such contingent stock award shall be issued to the participant or his legal representative. Such Common Stock, when issued to the participant or his legal representative, shall either be free of any restrictions, or shall be subject to such further restrictions, as the Committee shall determine. In the event that Common Stock issued pursuant to a contingent stock award are subject to further restrictions, the certificates issued in respect of the Common Stock awarded pursuant to the contingent stock award shall be deposited with the Company, or its designee, and shall bear the legend set forth in subsection 11(c) above. Upon

the lapse of such restrictions, Common Stock free of such restrictive legend shall be issued to the participant or his legal representative.

- (c) **Termination Prior to Lapse of Restrictions.** Except as otherwise provided in any contingent stock award agreement, in the event of a participant's termination of employment, other than due to death, Disability or retirement, prior to the lapse of restrictions applicable to any contingent stock award granted to such participant, such award, and all Common Stock subject thereto as to which there still remain unlapsed restrictions, shall be forfeited by such participant without payment of any consideration to the participant and neither the participant nor any successors, heirs, assigns or personal representatives of such participant shall have any further rights or interests in such contingent stock awards or such Common Stock subject thereto.
13. **Fair Market Value.** The Fair Market Value of the Common Stock for purposes of the Plan shall be such amount set forth in an award agreement that complies with the definition of fair market value under Code Section 409A, and guidance and regulations thereunder. If no such amount is set forth in the award agreement, Fair Market Value shall be the average of the high and low prices on the New York Stock Exchange Composite Transactions on the date of grant or on any other applicable date.
14. **Dividend Equivalents.** From and after the date, if any, specified in an applicable incentive stock option agreement, stock appreciation right agreement not granted in connection with a stock option, performance unit award agreement or contingent stock award agreement, and except as otherwise provided in such agreement, the holder of such award shall receive a distribution of an amount equivalent to the dividends payable in cash or property (other than stock of the Company) that would have been payable to the holder with respect to the number of shares of Common Stock subject to such award, had the holder been the legal owner of such Common Stock on the applicable date on which such dividend is declared by the Company on Common Stock. Except as otherwise provided in any contingent stock award agreement, any such dividend equivalent payable in cash or property (other than stock of the Company) shall be payable directly to the holder of the applicable award at such time, in such form, and upon such terms and conditions, as are applicable to the actual cash or property dividend actually declared with respect to Common Stock. Except as otherwise provided in any contingent stock award agreement, any participant entitled to receive a cash dividend equivalent pursuant to his applicable award agreement may, by written election filed with the Company, at least ten days prior to the date for payment of such dividend equivalent, elect to have such dividend equivalent credited to an account maintained for his benefit under a dividend reinvestment plan maintained by the Company. Appropriate adjustments with respect to awards shall be made to give effect to the payment of stock dividends as set forth in subsection 3(b) above.
15. **General Restrictions.** Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the Common Stock subject or related thereto upon any securities

exchange or under any state or federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the recipient of an award with respect to the disposition of Common Stock is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of Common Stock thereunder, such award may not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained, free of any conditions not acceptable to the Committee.

16. **Rights as a Shareholder.** The recipient of any award under the Plan, unless otherwise provided by the Plan, shall have no rights as a shareholder with respect thereto unless and until certificates for Common Stock are issued to the recipient.
17. **Employment Rights.** Nothing in the Plan or in any agreement entered into pursuant to the Plan shall confer upon any participant the right to continue in employment with the Company or affect any right which his employer or the Company may have to terminate the employment of such participant. For purposes of the Plan, termination of employment shall be deemed to occur on the date the recipient of an award last performed services for the Company or his employer affiliated with the Company and shall not be deemed to include any period during which the recipient is entitled to receive severance pay from the Company or any such affiliate.
18. **Tax Withholding.** Whenever the Company proposes or is required to issue or transfer Common Stock to a participant under the Plan, the Company shall have the right to require the participant to remit to the Company an amount sufficient to satisfy all federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Common Stock. If such certificates have been delivered prior to the time a withholding obligation arises, the Company shall have the right to require the participant to remit to the Company an amount sufficient to satisfy all federal, state or local withholding tax requirements at the time such obligation arises and to withhold from other amounts payable to the participant, as compensation or otherwise, as necessary. Whenever payments under the Plan are to be made to a participant in cash, such payment shall be net of any amount sufficient to satisfy all federal, state and local withholding tax requirements. In lieu of requiring a participant to make a payment to the Company in an amount related to the withholding tax requirement, the Committee may, in its discretion, provide that, at the participant's election, the tax withholding obligation shall be satisfied by the Company's withholding a portion of the Common Stock otherwise distributable to the participant, such Common Stock being valued at its Fair Market Value at the date of exercise, or by the participant's delivering to the Company a portion of the Common Stock previously delivered by the Company, such Common Stock being valued at its Fair Market Value as of the date of delivery of such Common Stock by the participant to the Company. For this purpose, the amount of required withholding shall be a specified rate not less than the statutory minimum federal, state and local (if any) withholding rate, and not greater than the maximum federal, state and local (if any) marginal tax rate applicable to the participant and to the particular transaction. Notwithstanding any provision of the Plan to the contrary, a participant's election pursuant to the preceding sentences (a) must be made on or prior to the date as of

which income is realized by the recipient in connection with the particular transaction, and (b) must be irrevocable. In lieu of a separate election on each effective date of each transaction, a participant may file a blanket election with the Committee, which shall govern all future transactions until revoked by the participant.

19. Change in Control.

- (a) **Effect of Change in Control.** Notwithstanding any of the provisions of the Plan or any agreement evidencing awards granted hereunder, upon a Change in Control of the Company (as defined in subsection 19(b)), all outstanding awards shall become fully exercisable and all restrictions thereon shall terminate in order that participants may fully realize the benefits thereunder. Further, the Committee, as constituted before such Change in Control, is authorized, and has sole discretion, as to any award, either at the time such award is granted hereunder or any time thereafter, to take any one or more of the following actions: (i) provide for the exercise of any such award for an amount of cash equal to the difference between the exercise price and the then Fair Market Value of the Common Stock covered thereby had such award been currently exercisable; (ii) make such adjustment to any such award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iii) cause any such award then outstanding to be assumed, by the acquiring or surviving corporation, after such Change in Control.
- (b) **Definition of Change in Control.** A "Change in Control" shall be deemed to take place on the occurrence of either a "Change in Ownership," "Change in Effective Control" or a "Change of Ownership of a Substantial Portion of Assets," as defined below:
- (i) **Change in Ownership.** A Change in Ownership of the Company occurs on the date that any one person, or more than one Person Acting as a Group (as defined below), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Ownership of the Company, as applicable (or to cause a Change in Effective Control of the Company). An increase in the percentage of stock owned by any one person, or Persons Acting as a Group, as a result of a transaction in which the Company acquires its stock in exchange for property shall be treated as an acquisition of stock. This paragraph (i) applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction.

- (ii) Change in Effective Control. A Change in Effective Control of the Company occurs on the date that either —
- (1) Any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company; or
 - (2) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election,

In the absence of an event described in paragraph (1) or (2), a Change in Effective Control of the Company shall not have occurred.

Acquisition of additional control. If any one person, or more than one Person Acting as a Group, is considered to effectively control the Company, the acquisition of additional control of the Company by the same person or persons is not considered to cause a Change in Effective Control of the Company (or to cause a Change in Ownership of the Company).

- (iii) Change of Ownership of a Substantial Portion of Assets. A Change of Ownership of a Substantial Portion of Assets occurs on the date that any one person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Transfers to a related person. There is no Change in Control when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a Change of Ownership of a Substantial Portion of Assets if the assets are transferred to —

- (1) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;
- (2) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

- (3) A person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or
- (4) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in paragraph (3).

A person's status is determined immediately after the transfer of the assets. For example, a transfer to a corporation in which the Company has no ownership interest before the transaction, but which is a majority-owned subsidiary of the Company after the transaction is not treated as a Change of Ownership of a Substantial Portion of Assets of the Company.

- (iv) Persons Acting as a Group. Persons shall not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering. However, persons shall be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

20. **Disability.** A participant has a "Disability" or becomes "Disabled" when he or she has a condition that (a) causes the participant to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (b) causes the participant, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, to receive income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its subsidiaries or affiliates or (c) causes the participant to be eligible to receive Social Security disability payments. The Committee, in its sole discretion, shall determine the date of any Disability.
21. **Amendment or Termination.** The Board or the Committee may at any time terminate, suspend or amend the Plan without the authorization of shareholders to the extent allowed by law, including without limitation any rules issued by the Securities and Exchange Commission under Section 16 of the 1934 Act, insofar as shareholder approval thereof is required in order for the Plan to continue to satisfy the requirements of Rule 16b-3 under the 1934 Act, or the rules of any applicable stock exchange. No

termination, suspension or amendment of the Plan shall adversely affect any right acquired by any participant under an award granted before the date of such termination, suspension or amendment, unless such participant shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right. Subject to the preceding sentence, the Plan as amended and restated effective January 1, 2005, shall apply to all awards at any time granted hereunder.

- 22. Effect on Other Plans.** Unless otherwise specifically provided, participation in the Plan shall not preclude an employee's eligibility to participate in any other benefit or incentive plan and any awards made pursuant to the Plan shall not be considered as compensation in determining the benefits provided under any other plan.
- 23. Assumption of Options.** Pursuant to the terms of Section 5.22 of the Amended and Restated Agreement and Plan of Merger by and among the Company, Acquisition Gas Company, Inc., a wholly owned subsidiary of the Company, and Bay State Gas Company ("Bay State"), dated as of December 18, 1997 and amended and restated as of March 4, 1998 and further amended as of November 16, 1998 (as may be further amended, restated or supplemented, the "Agreement"), and at the Effective Time defined in the Agreement, each outstanding stock option issued under the Bay State Gas Company 1989 Key Employee Stock Option Plan ("Bay State Stock Option Plan"), shall be assumed by the Company. Each such stock option ("Assumed Option") shall be deemed to constitute an option to acquire Common Stock in an amount and at a purchase price determined pursuant to Section 5.22 of the Agreement. Each Assumed Option shall be subject to all of the terms and conditions applicable to options granted under the Plan. Notwithstanding the preceding sentence:
- (a) if the employment of the holder of an Assumed Option with the Company and its subsidiaries terminates for any reason other than death, Disability, retirement or Cause, he, or his legal representatives or beneficiary, may exercise the Assumed Option at any time within three months immediately following such termination of employment, but not later than the expiration of the term of such Assumed Option;
 - (b) if the holder of an Assumed Option that is a non-qualified stock option terminates employment with the Company and its subsidiaries because of death, Disability or retirement, he, or his legal representatives or beneficiary, may exercise the Assumed Option at any time during the term of such Assumed Option to the extent he was entitled to exercise it at the date of death, Disability or retirement;
 - (c) if the holder of an Assumed Option that is an incentive stock option terminates employment with the Company and its subsidiaries because of death, his legal representatives or beneficiary may exercise the Assumed Option at any time during the term of such Assumed Option to the extent he was entitled to exercise it at the date of death;

- (d) if the holder of an Assumed Option that is an incentive stock option terminates employment with the Company and its subsidiaries because of Disability or retirement, he, or his legal representatives or beneficiary, may exercise the Assumed Option at any time within three months immediately following such termination of employment, but not later than the expiration of the term of such Assumed Option;
- (e) if the employment of the holder of an Assumed Option with the Company and its subsidiaries terminates for Cause, the Assumed Option shall expire as of the date of such termination of employment.

For purposes of this Section, "Cause" shall have the same meaning as defined in the holder's severance agreement with the Company or any of its subsidiaries in effect on the date of termination of employment. If the holder has not entered into a severance agreement with the Company or any subsidiary that is in effect on the date of termination of employment, or if the term "Cause" is not defined therein, Cause shall mean the holder's conviction for the commission of a felony, or the holder's fraud or dishonesty which has resulted in or is likely to result in material economic damage to the Company or any subsidiary.

Each Assumed Option shall be evidenced by an amended and restated stock option agreement entered into as of the Effective Time by and among the Company, Bay State and the applicable optionee.

- 24. **Duration of the Plan.** The Plan shall remain in effect until all awards under the Plan have been satisfied by the issuance of Common Stock or the payment of cash, but no award shall be granted more than ten years after the date the Plan, as amended and restated effective January 1, 2005, was approved by the shareholders, which shall be its effective date of adoption.

IN WITNESS WHEREOF, the Company has caused this Amendment and Restatement to be executed on its behalf by its officer duly authorized, on this 2nd day of December, 2005.

NISOURCE INC.

By: /s/ Michael W. O'Donnell
Michael W. O'Donnell

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

169. Please provide copies of Balance Sheets and Statements of Cash-Flows for each year 2009-2012, 2013 year-to-date and the base & test years.

Response:

Please see Attachment A for actual Balance Sheets as of December 31 for the years 2009 through 2012 and as of June 30 for 2013, and projected Balance Sheets as of August 31 for the base period and December 31 for the forecasted test period.

Please see Attachment B for actual annual Statements of Cash Flows for the years 2009 through 2012, and projected annual Statements of Cash Flows for the base period and forecasted test period.

DATE: 01/26/10 14:36:38

COLUMBIA GAS OF KENTUCKY, INC.
 BALANCE SHEET AS OF DECEMBER 31, 2009

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	283,838,835	(114,734)	9,233,394	9,233,394
ACCUMULATED DEPRECIATION AND DEPLETION	120,164,319	(15,941)	1,567,836	1,567,836
NET PROPERTY, PLANT AND EQUIPMENT	163,674,516	(98,793)	7,665,558	7,665,558
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,212,069	(754,678)	(1,123,462)	(1,123,462)
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	22,230,730	6,695,278	(13,213,842)	(13,213,842)
FROM ASSOCIATED COMPANIES	30,838,747	(11,463)	30,201,649	30,201,649
OTHER	1,169,311	2,617,157	(1,633,405)	(1,633,405)
GAS INVENTORY	46,669,721	(17,360,838)	(14,493,566)	(14,493,566)
OTHER INVENTORIES	65,060	(2,400)	15,303	15,303
PREPAYMENTS	682,242	(59,280)	175,742	175,742
REGULATORY ASSETS CURRENT	3,182,985	(598,837)	(251,291)	(251,291)
OTHER CURRENT ASSETS	2,069,338	1,762,835	(333,095)	(333,095)
TOTAL CURRENT ASSETS	110,120,203	(7,712,226)	(655,967)	(655,967)
INVESTMENT IN SUBSIDIARY	335,921	2,717	52,641	52,641
REGULATORY ASSETS LONG TERM	11,926,250	(1,203,065)	(2,245,867)	(2,245,867)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	(9,357,862)	14,090,348	(25,365,632)	(25,365,632)
TOTAL ASSETS	276,699,028	5,078,981	(20,549,267)	(20,549,267)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,274,552		7,065	7,065
OTHER COMPREHENSIVE INCOME-RETAINED EARNINGS	59,557,872	2,426,402	(6,787,749)	(6,787,749)
TOTAL COMMON STOCK EQUITY	88,638,628	2,426,402	(6,780,684)	(6,780,684)
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	72,055,011			
TOTAL CAPITALIZATION	160,693,639	2,426,402	(6,780,684)	(6,780,684)
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	9,507,667	5,460,733	(4,866,844)	(4,866,844)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	3,974,138	(1,433,168)	(15,482,550)	(15,482,550)
ACCRUED TAXES	4,582,665	2,555,933	(2,525,889)	(2,525,889)
ACCRUED INTEREST	38,608	16,134	6,830	6,830
ESTIMATED RATE REFUNDS	66,945	(12,646)	(2,093,231)	(2,093,231)
DEFERRED INCOME TAXES	1,202,166	154,185	(2,561,663)	(2,561,663)
OTHER CURRENT LIABILITIES	36,506,528	(2,237,866)	5,444,947	5,444,947
TOTAL CURRENT LIABILITIES	55,878,717	4,503,305	(22,078,400)	(22,078,400)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	36,314,446	(1,445,899)	8,249,058	8,249,058
INVESTMENT TAX CREDITS	680,831	(7,223)	(86,683)	(86,683)
OTHER REGULATORY LIABILITIES LONG TERM	4,270,073	511,548	430,152	430,152
OTHER LIABILITIES & DEFERRED CREDITS	18,861,322	(909,152)	(282,710)	(282,710)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	60,126,672	(1,850,726)	8,309,817	8,309,817
TOTAL CAPITALIZATION AND LIABILITIES	276,699,028	5,078,981	(20,549,267)	(20,549,267)

REPORT ID: BAL FORMAT ID: BAL

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COLUMBIA GAS OF KENTUCKY, INC.
 BALANCE SHEET AS OF DECEMBER 31, 2010

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	292,796,084	1,340,686	8,957,249	8,957,249
ACCUMULATED DEPRECIATION AND DEPLETION	124,484,391	343,908	4,320,072	4,320,072
NET PROPERTY, PLANT AND EQUIPMENT	168,311,693	996,778	4,637,177	4,637,177
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,454,754	(553,691)	242,685	242,685
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	27,563,855	8,803,052	5,333,125	5,333,125
FROM ASSOCIATED COMPANIES	38,413,747	13,049,650	7,575,000	7,575,000
OTHER	3,524,023	5,891,691	2,354,712	2,354,712
GAS INVENTORY	39,932,823	(15,231,944)	(6,736,898)	(6,736,898)
OTHER INVENTORIES	71,311	(812)	6,251	6,251
PREPAYMENTS	584,160	(266,531)	(98,082)	(98,082)
REGULATORY ASSETS CURRENT	2,920,213	(531,194)	(262,772)	(262,772)
OTHER CURRENT ASSETS	2,203,108	1,922,191	133,770	133,770
TOTAL CURRENT ASSETS	118,667,994	13,082,412	8,547,791	8,547,791
INVESTMENT IN SUBSIDIARY	353,964	4,122	18,043	18,043
REGULATORY ASSETS LONG TERM	10,924,149	(581,168)	(1,002,101)	(1,002,101)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	4,669,453	5,804,996	14,027,315	14,027,315
TOTAL ASSETS	302,927,253	19,307,140	26,228,225	26,228,225
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,342,862		68,310	68,310
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	60,248,034	(101,269)	690,162	690,162
TOTAL COMMON STOCK EQUITY	89,397,100	(101,269)	758,472	758,472
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	82,055,011	10,000,000	10,000,000	10,000,000
TOTAL CAPITALIZATION	171,452,111	9,898,731	10,758,472	10,758,472
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	13,801,495	9,962,809	4,293,828	4,293,828
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	4,163,678	(982,121)	189,540	189,540
ACCRUED TAXES	4,881,025	4,318,446	298,360	298,360
ACCRUED INTEREST	24,255	10,155	(14,353)	(14,353)
ESTIMATED RATE REFUNDS	101,168	(18,185)	34,223	34,223
DEFERRED INCOME TAXES	757,912	(571,639)	(444,254)	(444,254)
OTHER CURRENT LIABILITIES	48,333,519	(2,019,710)	10,591,783	10,591,783
TOTAL CURRENT LIABILITIES	72,063,052	10,699,755	14,949,127	14,949,127
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	39,430,342	(744,647)	3,115,896	3,115,896
INVESTMENT TAX CREDITS	595,417	(7,013)	(85,414)	(85,414)
OTHER REGULATORY LIABILITIES LONG TERM	2,372,229	(89,378)	(662,636)	(662,636)
OTHER LIABILITIES & DEFERRED CREDITS	17,014,102	(450,308)	(1,847,220)	(1,847,220)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	59,412,090	(1,291,346)	520,626	520,626
TOTAL CAPITALIZATION AND LIABILITIES	302,927,253	19,307,140	26,228,225	26,228,225

REPORT ID: BAL FORMAT ID: BAL

DATE: 01/30/12 09:19:34

COLUMBIA GAS OF KENTUCKY, INC.
 BALANCE SHEET AS OF DECEMBER 31, 2011

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	305,225,634	258,934	12,429,550	12,429,550
ACCUMULATED DEPRECIATION AND DEPLETION	128,016,617	(142,136)	3,532,226	3,532,226
NET PROPERTY, PLANT AND EQUIPMENT	177,209,017	401,070	8,897,324	8,897,324
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,577,162	615,704	(877,592)	(877,592)
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	20,875,168	3,734,117	(6,688,687)	(6,688,687)
FROM ASSOCIATED COMPANIES	32,939,220	(8,617,409)	(5,474,527)	(5,474,527)
OTHER	545,331	3,192,185	(2,973,912)	(2,973,912)
GAS INVENTORY	47,816,477	(5,855,625)	7,883,654	7,883,654
OTHER INVENTORIES	73,322	5,988	2,011	2,011
PREPAYMENTS	533,633	(263,854)	(50,527)	(50,527)
REGULATORY ASSETS CURRENT	3,010,179	86,411	89,966	89,966
OTHER CURRENT ASSETS	2,356,822	2,059,654	153,714	153,714
TOTAL CURRENT ASSETS	110,727,314	(5,042,829)	(7,935,900)	(7,935,900)
INVESTMENT IN SUBSIDIARY	404,359	2,957	50,395	50,395
REGULATORY ASSETS LONG TERM	14,257,413	3,507,910	3,333,264	3,333,264
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	624,822	(1,004,656)	(4,049,411)	(4,049,411)
TOTAL ASSETS	303,222,925	(2,135,548)	295,672	295,672
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722		239,860	239,860
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	60,952,616	1,595,820	704,582	704,582
TOTAL COMMON STOCK EQUITY	90,341,542	1,595,820	944,442	944,442
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	82,055,010		(1)	(1)
TOTAL CAPITALIZATION	172,396,552	1,595,820	944,441	944,441
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	9,316,927	3,508,323	(4,484,568)	(4,484,568)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	4,023,149	(1,681,202)	(140,529)	(140,529)
ACCRUED TAXES	3,114,179	495,794	(1,766,846)	(1,766,846)
ACCRUED INTEREST	21,176	10,694	(3,008)	(3,008)
ESTIMATED RATE REFUNDS	228,369	(18,761)	127,201	127,201
DEFERRED INCOME TAXES	(176,340)	(165,701)	(934,252)	(934,252)
OTHER CURRENT LIABILITIES	50,530,520	(6,368,493)	2,197,001	2,197,001
TOTAL CURRENT LIABILITIES	67,057,980	(4,219,346)	(5,005,001)	(5,005,001)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	47,233,558	618,269	7,803,216	7,803,216
INVESTMENT TAX CREDITS	513,278	(6,679)	(82,139)	(82,139)
OTHER REGULATORY LIABILITIES LONG TERM	2,138,131	(27,171)	(234,098)	(234,098)
OTHER LIABILITIES & DEFERRED CREDITS	13,883,426	(96,441)	(3,130,747)	(3,130,747)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	63,768,393	487,978	4,356,232	4,356,232
TOTAL CAPITALIZATION AND LIABILITIES	303,222,925	(2,135,548)	295,672	295,672

REPORT ID: BAL FORMAT ID: BAL

DATE: 01/25/13 09:33:56

COLUMBIA GAS OF KENTUCKY, INC.
 BALANCE SHEET AS OF DECEMBER 31, 2012

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	321,185,552	1,150,896	15,959,918	15,959,918
ACCUMULATED DEPRECIATION AND DEPLETION	131,057,368	239,059	3,040,751	3,040,751
NET PROPERTY, PLANT AND EQUIPMENT	190,128,184	911,837	12,919,167	12,919,167
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	3,740,439	1,324,141	1,163,277	1,163,277
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	19,229,978	3,637,320	(1,645,190)	(1,645,190)
FROM ASSOCIATED COMPANIES	26,884,458	(3,709,980)	(6,054,762)	(6,054,762)
OTHER	3,253,654	1,463,133	2,708,323	2,708,323
GAS INVENTORY	44,113,593	(6,523,244)	(3,702,884)	(3,702,884)
OTHER INVENTORIES	71,348	27	(1,974)	(1,974)
PREPAYMENTS	530,464	(91,353)	(3,169)	(3,169)
REGULATORY ASSETS CURRENT	1,959,539	(74,043)	(1,050,640)	(1,050,640)
OTHER CURRENT ASSETS	2,564,184	2,223,842	207,362	207,362
TOTAL CURRENT ASSETS	102,347,657	(1,750,157)	(8,379,657)	(8,379,657)
INVESTMENT IN SUBSIDIARY	432,944	3,090	28,585	28,585
REGULATORY ASSETS LONG TERM	15,558,907	3,206,640	1,301,494	1,301,494
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	1,758,730	3,695,598	1,133,908	1,133,908
TOTAL ASSETS	310,226,422	6,067,008	7,003,497	7,003,497
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,202			
ADDITIONAL PAID IN CAPITAL	5,582,722			
OTHER COMPREHENSIVE INCOME-	2			
RETAINED EARNINGS	62,468,341	212,402	1,515,725	1,515,725
TOTAL COMMON STOCK EQUITY	91,857,267	212,402	1,515,725	1,515,725
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	53,335,012	(13,999,999)	(28,719,998)	(28,719,998)
TOTAL CAPITALIZATION	145,192,279	(13,787,597)	(27,204,273)	(27,204,273)
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	7,923,264	2,553,135	(1,393,663)	(1,393,663)
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	32,770,605	12,012,498	28,747,456	28,747,456
ACCRUED TAXES	7,973,347	4,226,538	4,859,168	4,859,168
ACCRUED INTEREST	83,261	(1,332)	62,085	62,085
ESTIMATED RATE REFUNDS	364,445	(40,671)	136,076	136,076
DEFERRED INCOME TAXES	152,198	(222,107)	328,538	328,538
OTHER CURRENT LIABILITIES	40,735,223	(2,456,131)	(9,795,297)	(9,795,297)
TOTAL CURRENT LIABILITIES	90,002,343	16,071,930	22,944,363	22,944,363
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	54,493,553	72,799	7,259,995	7,259,995
INVESTMENT TAX CREDITS	433,113	(6,681)	(80,165)	(80,165)
OTHER REGULATORY LIABILITIES LONG TERM	1,990,034	(120,816)	(148,097)	(148,097)
OTHER LIABILITIES & DEFERRED CREDITS	18,115,100	3,837,373	4,231,674	4,231,674
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	75,031,800	3,782,675	11,263,407	11,263,407
TOTAL CAPITALIZATION AND LIABILITIES	310,226,422	6,067,008	7,003,497	7,003,497

REPORT ID: BAL FORMAT ID: BAL

DATE: 07/11/13 13:36:53

COLUMBIA GAS OF KENTUCKY, INC.
 BALANCE SHEET AS OF JUNE 30, 2013

	CURRENT BALANCE	INC OVR PRV MTH	INC OVR SM MTH PRV YR	INC OVR DECEMBER
ASSETS				
PROPERTY, PLANT AND EQUIPMENT				
GAS UTILITY AND OTHER PLANT, @ ORIG COST	328,564,896	1,453,839	15,496,231	7,379,344
ACCUMULATED DEPRECIATION AND DEPLETION	132,511,703	361,388	2,932,632	1,454,335
NET PROPERTY, PLANT AND EQUIPMENT	196,053,193	1,092,451	12,563,599	5,925,009
CURRENT ASSETS				
CASH AND TEMPORARY CASH INVESTMENTS	2,378,882	(476,234)	(1,792,309)	(1,361,557)
ACCOUNTS RECEIVABLE:				
CUSTOMERS (LESS ALLOW FOR DOUBTFUL ACCTS)	7,059,428	(191,528)	39,634	(12,170,550)
FROM ASSOCIATED COMPANIES	35,450,538	(12,511,828)	(6,350,112)	8,566,080
OTHER	1,472,898	(1,149,993)	1,851,119	(1,780,756)
GAS INVENTORY	23,151,998	15,196,556	(8,039,641)	(20,961,595)
OTHER INVENTORIES	77,473	1,442	471	6,125
PREPAYMENTS	94,390	(455,148)	(4,505)	(436,074)
REGULATORY ASSETS CURRENT	1,957,201	643,914	(804,523)	(2,338)
OTHER CURRENT ASSETS	13,585,742	(6,475,370)	3,863,593	11,021,558
TOTAL CURRENT ASSETS	85,228,550	(5,418,189)	(11,236,273)	(17,119,107)
INVESTMENT IN SUBSIDIARY	457,999	3,166	31,630	25,055
REGULATORY ASSETS LONG TERM	12,088,017	(670,534)	(1,079,718)	(3,470,890)
DEFERRED CHARGES AND SPECIAL DEPOSITS & FUNDS	14,620,401	907,028	24,951,971	12,861,671
TOTAL ASSETS	308,448,160	(4,086,078)	25,231,209	(1,778,262)
CAPITALIZATION AND LIABILITIES				
CAPITALIZATION				
COMMON STOCK EQUITY				
COMMON STOCK, AT PAR VALUE	23,806,201	(1)	(1)	(1)
ADDITIONAL PAID IN CAPITAL	5,582,723	1	1	1
OTHER COMPREHENSIVE INCOME- RETAINED EARNINGS	67,847,198	(194,282)	4,309,970	5,378,857
TOTAL COMMON STOCK EQUITY	97,236,124	(194,282)	4,309,970	5,378,857
LONG-TERM DEBT				
INSTALLMENT PROMISSORY NOTES AND LOANS	73,335,010		5,999,999	19,999,998
TOTAL CAPITALIZATION	170,571,134	(194,282)	10,309,969	25,378,855
CURRENT LIABILITIES				
CURRENT MATURITIES OF LONG-TERM DEBT				
ACCOUNTS PAYABLE	11,461,445	(3,052,168)	8,026,264	3,538,181
ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	17,397,043	(2,258,374)	(661,817)	(15,373,562)
ACCRUED TAXES	8,040,913	(545,280)	4,342,078	67,566
ACCRUED INTEREST	2,173	212	(62,942)	(81,088)
ESTIMATED RATE REFUNDS	193,411	(8,218)	(273,684)	(171,034)
DEFERRED INCOME TAXES	1,341,424	146,126	1,515,047	1,189,226
OTHER CURRENT LIABILITIES	23,403,876	2,092,885	(8,906,885)	(17,331,347)
TOTAL CURRENT LIABILITIES	61,840,285	(3,624,817)	3,978,061	(28,162,058)
OTHER LIABILITIES AND DEFERRED CREDITS				
INCOME TAXES, NONCURRENT	57,459,246	328,459	8,731,366	2,965,693
INVESTMENT TAX CREDITS	393,054	(6,676)	(80,141)	(40,059)
OTHER REGULATORY LIABILITIES LONG TERM	1,941,942	(24,039)	(181,344)	(48,092)
OTHER LIABILITIES & DEFERRED CREDITS	16,242,499	(564,723)	2,473,298	(1,872,601)
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	76,036,741	(266,979)	10,943,179	1,004,941
TOTAL CAPITALIZATION AND LIABILITIES	308,448,160	(4,086,078)	25,231,209	(1,778,262)

REPORT ID: BAL FORMAT ID: BAL

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013-00167
BALANCE SHEET
FOR THE BASE AND FORECASTED TEST PERIOD

<u>Description</u>	BASE PERIOD AS OF <u>AUGUST 31, 2013</u>	FORECASTED PERIOD AS OF <u>DECEMBER 31, 2014</u>
<u>ASSETS</u>		
OTHER PROPERTY AT COST	-	-
INVESTMENT AT COST	-	-
PROPERTY, PLANT AND EQUIPMENT	<u>336,763</u>	<u>369,038</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	336,763	369,038
ACCUMULATED DEPRECIATION	<u>(134,303)</u>	<u>(142,031)</u>
NET PROPERTY, PLANT AND EQUIPMENT	202,460	227,007
INVESTMENT IN SUBSIDIARIES	174	174
INCOME FROM SUBSIDIARIES	266	266
DIVIDENDS FROM SUBSIDIARIES	-	-
INVESTMENT IN SUBSIDIARIES	<u>440</u>	<u>440</u>
TOTAL CURRENT ASSETS	81,101	81,979
TOTAL DEFERRED ASSETS	5,146	7,498
REGULATORY ASSETS	13,146	11,514
NON-CURRENT PRICE RISK MANAGEMENT	-	-
PRB DEFERRED CHARGES	-	-
CLEARING ACCOUNTS	(22)	(22)
OTHER NON-CURRENT ASSETS	3,849	3,778
INTANGIBLE ASSETS	-	-
TOTAL ASSETS	<u>306,120</u>	<u>332,194</u>
<u>CAPITALIZATION & LIABILITIES</u>		
COMMON STOCK	23,806	23,806
OTHER COMPREHENSIVE INC	-	-
OTHER COMPREHENSIVE INC RIP	-	-
OTHER COMPREHENSIVE INC OPEB	-	-
ADDITIONAL PAID-IN CAPITAL	5,583	5,583
RETAINED EARNINGS	<u>66,465</u>	<u>77,218</u>
TOTAL EQUITY	95,854	106,607
LONG-TERM DEBT EXTERNAL	-	-
LONG-TERM DEBT INTERCOMPANY	<u>73,335</u>	<u>96,335</u>
TOTAL LONG-TERM DEBT	73,335	96,335
TOTAL CAPITALIZATION	169,189	202,942
TOTAL CURRENT LIABILITIES	58,504	45,889
TOTAL NON-CURRENT LIABILITIES	<u>78,427</u>	<u>83,363</u>
TOTAL CAPITALIZATION AND LIABILITIES	<u>306,120</u>	<u>332,194</u>

Name of Respondent		This Report is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr) March 31, 2010	Dec. 31, 2009
STATEMENT OF CASH FLOWS				
1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.		3. Operating Activities - Other: Includes gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.		
2. Under "Other" specify significant amounts and group others.				
Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	2009 Current Year Amount (b)	2008 Previous Year Amount (c)	
1	Net Cash Flow from Operating Activities:			
2	Net income (Line 72(c) on page 116)	8,212,254	10,483,860	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	5,793,139	5,600,958	
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments			
6	Deferred Income Taxes (Net)	5,694,461	6,297,336	
7	Investment Tax Credit Adjustments (Net)	(86,688)	(86,688)	
8	Net (Increase) Decrease in Receivables	(20,649,253)	(853,382)	
9	Net (Increase) Decrease in Inventory	(15,301)	13,993	
10	Net (Increase) Decrease in Allowances Inventory			
11	Net Increase (Decrease) in Payables and Accrued Expenses	(16,325,815)	13,665,706	
12	Net (Increase) Decrease in Other Regulatory Assets	2,497,153	(11,521,365)	
13	Net Increase (Decrease) in Other Regulatory Liabilities	849,356	(1,186,055)	
14	(Less) Allowance for Other Funds Used During Construction			
15	(Less) Undistributed Earnings from Subsidiary Companies			
16	Other: (See Notes on Page 122)	41,358,910	(3,137,335)	
17	Net Cash Provided by (Used in) Operating Activities			
18	(Total of Lines 2 thru 16)	27,328,216	19,257,028	
19				
20	Cash Flows from Investment Activities:			
21	Construction and Acquisition of Plant (including land):			
22	Gross Additions to Utility Plant (less nuclear fuel)			
23	Gross Additions to Nuclear Fuel			
24	Gross Additions to Common Utility Plant	(13,458,691)	(14,226,497)	
25	Gross Additions to Nonutility Plant			
26	(Less) Allowance for Other Funds Used During Construction			
27	Other: Changes in Accrued Plant in Service			
28	Cash Outflows for Plant (Total of Lines 22 thru 27)	(13,458,691)	(14,226,497)	
29				
30	Acquisition of Other Noncurrent Assets (d)			
31	Proceeds from Disposal of Noncurrent Assets (d)			
32				
33	Investments in and Advances to Assoc. and Subsidiary Companies			
34	Contributions and Advances from Assoc. and Subsidiary Companies			
35	Disposition of Investments in (and Advances to)			
36	Associated and Subsidiary Companies			
37				
38	Purchase of Investment Securities (a)			
39	Proceeds from Sales of Investment Securities (a)			

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) March 31, 2010	Year of Report Dec. 31, 2009
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STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; Instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

5. Codes used:
 (a) Net proceeds or payments.
 (b) Bonds, debentures and other long-term debt.
 (c) Include commercial paper.
 (d) Identify separately such items as investments, fixed assets, intangibles, etc.

6. Enter on page 122 clarifications and explanations.

7. At lines 5,16,27,47,56,58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5 01, 5 02, etc.

Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	2009	2008
		Current Year Amount (b)	Previous Year Amount (c)
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other:		
48	Net Cash Provided by (Used In) Investing Activities		
49	(Total of lines 28 thru 47)	(13,458,691)	(14,226,497)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)		
54	Preferred Stock		14,000,000
55	Common Stock		
56	Other:		
57	Net Increase in Short-Term Debt (c)		
58	Other:		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	0	14,000,000
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)		
63	Preferred Stock		
64	Common Stock		
65	Other:		
66	Net Decrease in Short-Term Debt (c)		
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	(15,000,000)	(17,000,000)
70	Net Cash Provided by (Used In) Financing Activities		
71	(Total of lines 59 thru 69)	(15,000,000)	(3,000,000)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of lines 18, 49 and 71)	(1,130,475)	2,030,531
75			
76	Cash and Cash Equivalents at Beginning of Year	4,335,585	2,305,054
77			
78	Cash and Cash Equivalents at End of Year	3,205,110	4,335,585

Name of Respondent		This Report Is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr) March 31, 2011	Dec. 31, 2010
STATEMENT OF CASH FLOWS				
1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.		3. Operating Activities - Other: Includes gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.		
2. Under "Other" specify significant amounts and group others.				
		2010	2009	
Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)	
1	Net Cash Flow from Operating Activities:			
2	Net Income (Line 72(c) on page 116)	10,690,166	8,212,254	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	5,943,478	5,793,139	
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments			
6	Deferred Income Taxes (Net)	2,739,955	5,694,461	
7	Investment Tax Credit Adjustments (Net)	(85,420)	(86,688)	
8	Net (Increase) Decrease in Receivables	(12,599,628)	(20,849,253)	
9	Net (Increase) Decrease in Inventory	(6,249)	(15,301)	
10	Net (Increase) Decrease in Allowances Inventory			
11	Net Increase (Decrease) in Payables and Accrued Expenses	11,964,031	(16,325,815)	
12	Net (Increase) Decrease in Other Regulatory Assets	1,264,878	2,497,153	
13	Net Increase (Decrease) in Other Regulatory Liabilities	2,132,359	849,356	
14	(Less) Allowance for Other Funds Used During Construction			
15	(Less) Undistributed Earnings from Subsidiary Companies			
16	Other: (See Notes on Page 122)	(11,218,056)	41,358,910	
17	Net Cash Provided by (Used in) Operating Activities			
18	(Total of lines 2 thru 16)	10,825,514	27,328,216	
19				
20	Cash Flows from Investment Activities:			
21	Construction and Acquisition of Plant (Including land):			
22	Gross Additions to Utility Plant (less nuclear fuel)			
23	Gross Additions to Nuclear Fuel			
24	Gross Additions to Common Utility Plant	(10,580,651)	(13,458,691)	
25	Gross Additions to Nonutility Plant			
26	(Less) Allowance for Other Funds Used During Construction			
27	Other: Changes in Accrued Plant in Service			
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(10,580,651)	(13,458,691)	
29				
30	Acquisition of Other Noncurrent Assets (d)			
31	Proceeds from Disposal of Noncurrent Assets (d)			
32				
33	Investments in and Advances to Assoc. and Subsidiary Companies			
34	Contributions and Advances from Assoc. and Subsidiary Companies			
35	Disposition of Investments in (and Advances to)			
36	Associated and Subsidiary Companies			
37				
38	Purchase of Investment Securities (a)			
39	Proceeds from Sales of Investment Securities (a)			

Name of Respondent		This Report is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr) March 31, 2011	Dec. 31, 2010
STATEMENT OF CASH FLOWS (Continued)				
4. Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; Instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.		5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc.		
		6. Enter on page 122 clarifications and explanations.		
		7. At lines 5,16,27,47,56,58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5 01, 5 02, etc.		
Line No.	DESCRIPTION (See instruction No. 5 for Explanation of Codes) (a)	2010 Current Year Amount (b)	2009 Previous Year Amount (c)	
40	Loans Made or Purchased			
41	Collections on Loans			
42				
43	Net (Increase) Decrease in Receivables			
44	Net (Increase) Decrease in Inventory			
45	Net (Increase) Decrease in Allowances Held for Speculation			
46	Net Increase (Decrease) in Payables and Accrued Expenses			
47	Other:			
48	Net Cash Provided by (Used in) Investing Activities			
49	(Total of lines 28 thru 47)	(10,580,651)		(13,458,691)
50				
51	Cash Flows from Financing Activities:			
52	Proceeds from issuance of:			
53	Long-Term Debt (b)	10,000,000		
54	Preferred Stock			
55	Common Stock			
56	Other:			
57	Net Increase in Short-Term Debt (c)			
58	Other:			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	10,000,000		0
60				
61	Payments for Retirement of:			
62	Long-Term Debt (b)			
63	Preferred Stock			
64	Common Stock			
65	Other:			
66	Net Decrease in Short-Term Debt (c)			
67				
68	Dividends on Preferred Stock			
69	Dividends on Common Stock	(10,000,000)		(15,000,000)
70	Net Cash Provided by (Used in) Financing Activities			
71	(Total of lines 59 thru 69)	0		(15,000,000)
72				
73	Net Increase (Decrease) in Cash and Cash Equivalents			
74	(Total of lines 18, 49 and 71)	244,863		(1,130,475)
75				
76	Cash and Cash Equivalents at Beginning of Year	3,205,110		4,335,585
77				
78	Cash and Cash Equivalents at End of Year	3,449,973		3,205,110

Name of Respondent COLUMBIA GAS OF KENTUCKY, INC.	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) March 31, 2012	Year of Report Dec. 31, 2011
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STATEMENT OF CASH FLOWS

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

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	2011		2010	
		Current Year Amount (b)	Previous Year Amount (c)	Current Year Amount (b)	Previous Year Amount (c)
1	Net Cash Flow from Operating Activities:				
2	Net Income (Line 72(c) on page 116)			10,854,263	10,690,166
3	Noncash Charges (Credits) to Income:				
4	Depreciation and Depletion			6,182,945	5,943,478
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments				
6	Deferred Income Taxes (Net)			7,108,828	2,739,955
7	Investment Tax Credit Adjustments (Net)			(82,146)	(85,420)
8	Net (Increase) Decrease in Receivables			10,194,075	(12,599,628)
9	Net (Increase) Decrease in Inventory			(2,007)	(6,249)
10	Net (Increase) Decrease in Allowances Inventory				
11	Net Increase (Decrease) in Payables and Accrued Expenses			(227,112)	11,964,031
12	Net (Increase) Decrease in Other Regulatory Assets			(3,423,228)	1,264,878
13	Net Increase (Decrease) in Other Regulatory Liabilities			(1,086,313)	2,132,359
14	(Less) Allowance for Other Funds Used During Construction				
15	(Less) Undistributed Earnings from Subsidiary Companies				
16	Other: (See Notes on Page 122)			(5,162,128)	(11,218,056)
17	Net Cash Provided by (Used in) Operating Activities				
18	(Total of lines 2 thru 16)			24,357,177	10,825,514
19					
20	Cash Flows from Investment Activities:				
21	Construction and Acquisition of Plant (including land):				
22	Gross Additions to Utility Plant (less nuclear fuel)				
23	Gross Additions to Nuclear Fuel				
24	Gross Additions to Common Utility Plant			(15,080,262)	(10,580,651)
25	Gross Additions to Nonutility Plant				
26	(Less) Allowance for Other Funds Used During Construction				
27	Other: Changes in Accrued Plant in Service				
28	Cash Outflows for Plant (Total of lines 22 thru 27)			(15,080,262)	(10,580,651)
29					
30	Acquisition of Other Noncurrent Assets (d)				
31	Proceeds from Disposal of Noncurrent Assets (d)				
32					
33	Investments in and Advances to Assoc. and Subsidiary Companies				
34	Contributions and Advances from Assoc. and Subsidiary Companies				
35	Disposition of Investments in (and Advances to)				
36	Associated and Subsidiary Companies				
37					
38	Purchase of Investment Securities (a)				
39	Proceeds from Sales of Investment Securities (a)				

Name of Respondent		This Report is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr) March 31, 2012	Dec. 31, 2011
STATEMENT OF CASH FLOWS (Continued)				
4. Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; Instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.		5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc.		
		6. Enter on page 122 clarifications and explanations.		
		7. At lines 5,16,27,47,56,58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5 01, 5 02, etc.		
Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes)	2011 Current Year Amount (b)	2010 Previous Year Amount (c)	
40	Loans Made or Purchased			
41	Collections on Loans			
42				
43	Net (Increase) Decrease in Receivables			
44	Net (Increase) Decrease in Inventory			
45	Net (Increase) Decrease in Allowances Held for Speculation			
46	Net Increase (Decrease) in Payables and Accrued Expenses			
47	Other:			
48	Net Cash Provided by (Used in) Investing Activities			
49	(Total of lines 28 thru 47)	(15,080,262)	(10,580,651)	
50				
51	Cash Flows from Financing Activities:			
52	Proceeds from issuance of:			
53	Long-Term Debt (b)		10,000,000	
54	Preferred Stock			
55	Common Stock			
56	Other:			
57	Net Increase in Short-Term Debt (c)			
58	Other:			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	0	10,000,000	
60				
61	Payments for Retirement of:			
62	Long-Term Debt (b)			
63	Preferred Stock			
64	Common Stock			
65	Other:			
66	Net Decrease in Short-Term Debt (c)			
67				
68	Dividends on Preferred Stock			
69	Dividends on Common Stock	(10,000,000)	(10,000,000)	
70	Net Cash Provided by (Used in) Financing Activities	(10,000,000)		
71	(Total of lines 59 thru 69)	(10,000,000)		
72	Adjustment to Retained Earnings for 2011	(149,681)		
73				
74	Net Increase (Decrease) in Cash and Cash Equivalents			
75	(Total of lines 18, 49 and 71)	(872,766)	244,863	
76				
77	Cash and Cash Equivalents at Beginning of Year	3,449,973	3,205,110	
78				
79	Cash and Cash Equivalents at End of Year	2,577,207	3,449,973	

Name of Respondent		This Report is:	Date of Report (Mo. Da. Yr)	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	March 31, 2013	Dec. 31, 2012
STATEMENT OF CASH FLOWS				
1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.		3. Operating Activities - Other: Includes gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.		
2. Under "Other" specify significant amounts and group others.				
		2012	2011	
Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)	
1	Net Cash Flow from Operating Activities:			
2	Net Income (Line 72(c) on page 116)	8,515,725	10,854,263	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	6,676,557	6,182,945	
5	Amortization of (Specify) Other Gas Plant & Acquisition Adjustments			
6	Deferred Income Taxes (Net)	7,588,537	7,108,828	
7	Investment Tax Credit Adjustments (Net)	(80,172)	(82,148)	
8	Net (Increase) Decrease in Receivables	5,457,636	10,194,075	
9	Net (Increase) Decrease in Inventory	1,978	(2,007)	
10	Net (Increase) Decrease in Allowances Inventory			
11	Net Increase (Decrease) in Payables and Accrued Expenses	(11,367,957)	(227,112)	
12	Net (Increase) Decrease in Other Regulatory Assets	(250,847)	(3,423,228)	
13	Net Increase (Decrease) in Other Regulatory Liabilities	148,532	(1,086,313)	
14	(Less) Allowance for Other Funds Used During Construction			
15	(Less) Undistributed Earnings from Subsidiary Companies			
16	Other: (See Notes on Page 122)	11,068,983	(5,162,128)	
17	Net Cash Provided by (Used in) Operating Activities			
18	(Total of lines 2 thru 16)	27,758,972	24,357,177	
19				
20	Cash Flows from Investment Activities:			
21	Construction and Acquisition of Plant (including land):			
22	Gross Additions to Utility Plant (less nuclear fuel)			
23	Gross Additions to Nuclear Fuel			
24	Gross Additions to Common Utility Plant	(19,595,720)	(15,080,262)	
25	Gross Additions to Nonutility Plant			
26	(Less) Allowance for Other Funds Used During Construction			
27	Other: Changes in Accrued Plant in Service			
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(19,595,720)	(15,080,262)	
29				
30	Acquisition of Other Noncurrent Assets (d)			
31	Proceeds from Disposal of Noncurrent Assets (d)			
32				
33	Investments in and Advances to Assoc. and Subsidiary Companies			
34	Contributions and Advances from Assoc. and Subsidiary Companies			
35	Disposition of Investments in (and Advances to)			
36	Associated and Subsidiary Companies			
37				
38	Purchase of Investment Securities (a)			
39	Proceeds from Sales of Investment Securities (a)			

Name of Respondent		This Report is:	Date of Report	Year of Report
COLUMBIA GAS OF KENTUCKY, INC.		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	(Mo. Da. Yr) March 31, 2013	Dec. 31, 2012
STATEMENT OF CASH FLOWS (Continued)				
4. Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.		5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as Investments, fixed assets, intangibles, etc.		
		6. Enter on page 122 clarifications and explanations.		
		7. At lines 5,16,27,47,56,58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5 01, 5 02, etc.		
Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes)	2012 Current Year Amount (b)	2011 Previous Year Amount (c)	
40	Loans Made or Purchased			
41	Collections on Loans			
42				
43	Net (Increase) Decrease in Receivables			
44	Net (Increase) Decrease in Inventory			
45	Net (Increase) Decrease in Allowances Held for Speculation			
46	Net Increase (Decrease) in Payables and Accrued Expenses			
47	Other:			
48	Net Cash Provided by (Used in) Investing Activities			
49	(Total of lines 28 thru 47)	(19,595,720)		(15,080,262)
50				
51	Cash Flows from Financing Activities:			
52	Proceeds from issuance of:			
53	Long-Term Debt (b)			
54	Preferred Stock	0		0
55	Common Stock			
56	Other:			
57	Net Increase in Short-Term Debt (c)			
58	Other:			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	0		0
60				
61	Payments for Retirement of:			
62	Long-Term Debt (b)			
63	Preferred Stock			
64	Common Stock			
65	Other:			
66	Net Decrease in Short-Term Debt (c)			
67				
68	Dividends on Preferred Stock			
69	Dividends on Common Stock	(7,000,000)		(10,000,000)
70	Net Cash Provided by (Used in) Financing Activities	(7,000,000)		(10,000,000)
71	(Total of lines 59 thru 69)	0		(149,681)
72	Adjustment to Retained Earnings for 2012			
73				
74	Net Increase (Decrease) in Cash and Cash Equivalents			
75	(Total of lines 18, 49 and 71)	1,163,252		(872,768)
76				
77	Cash and Cash Equivalents at Beginning of Year	2,577,207		3,449,973
78				
79	Cash and Cash Equivalents at End of Year	3,740,459		2,577,207

COLUMBIA GAS OF KENTUCKY, INC.
CASE NO. 2013-00167
STATEMENT OF CASH FLOWS
FOR THE BASE AND FORECASTED TEST PERIOD

<u>DESCRIPTION</u>	<u>BASE PERIOD TME 08/31/2013</u>	<u>FORECASTED PERIOD TME 12/31/2014</u>
NET INCOME	8,386	7,442
INCOME FROM SUBSIDIARIES	(10)	-
DIVIDENDS FROM SUBSIDIARIES	-	-
DEPRECIATION	6,960	7,689
AFUDC	(12)	-
 <u>DEFERRED ASSETS</u>		
DEFERRED PROP TAX - SFAS 96	(69)	(353)
DEFERRED EXCIST TAX - SFAS 96	-	-
DEFERRED INC TAX - LT ASSETS	(1,232)	1,316
190 FIT FAS 96	39	36
190 SIT FAS 96	8	12
DEFERRED CHARGES - OTHER	-	-
TOTAL DEFERRED ASSETS	<u>(1,254)</u>	<u>1,011</u>
INTANGIBLE ASSETS	-	-
 <u>REGULATORY ASSETS</u>		
OPEB (ASSETS)	162	9
RETIREMENT INCOME PLAN	(1,556)	970
182 FAS 96	-	-
TOTAL OTHER REGULATORY ASSETS	<u>1,339</u>	<u>260</u>
REGULATORY ASSETS	(55)	1,239
PRICE RISK MANAGEMENT NC ASSETS	-	-
PRB DEFERRED CHARGES	-	-
CLEARING ACCOUNTS	(112)	-
OTHER NON-CURRENT ASSETS	<u>(363)</u>	<u>52</u>
TOTAL NON-CURRENT ASSETS	(1,784)	2,302
 <u>NON-CURRENT LIABILITIES</u>		
282 FIT FAS 96	106	36
282 SIT FAS 96	19	12
255 INV TAX CR	(78)	(75)
DEFERRED INC TAX - LT LIAB	8,866	3,330
254 FAS 96	(175)	(96)
254 REPAIRS RELATED	-	-
254 NOL	-	-
INT PAY CONTINGENT TAX NC	-	-
INJURIES AND DAMAGES	10	-
OPEB (LIABILITIES)	(500)	(52)
SFAS 112	210	-
RIP	3,634	(137)
NON CUR SETTLEMENT REV	-	-
PRICE RISK MANAGEMENT NC LIABILITIES	(956)	-
DEFERRED CREDITS NC	-	-
TOTAL OTHER REGULATORY LIABILITIES	-	-
NON-CUR CUSTOMER ADVANCES	666	-
CIAC COMPLIANCE NC	-	-
OTHER NON-CURRENT LIABILITIES	<u>(89)</u>	<u>(52)</u>
TOTAL NON-CURRENT LIABILITIES	11,713	2,966
CASH BEFORE WORKING CAPITAL	25,373	20,399

COLUMBIA GAS OF KENTUCKY, INC.
 CASE NO. 2013-00167
 STATEMENT OF CASH FLOWS
 FOR THE BASE AND FORECASTED TEST PERIOD

<u>DESCRIPTION</u>	<u>BASE PERIOD TME 08/31/2013</u>	<u>FORECASTED PERIOD TME 12/31/2014</u>
DUE TO CHANGE IN CURRENT ASSETS	(28,935)	4,458
DUE TO CHANGE IN CURRENT LIABILITIES	<u>(3,339)</u>	<u>(439)</u>
WORKING CAPITAL CHANGE	(32,274)	4,019
NET CASH FROM OPERATIONS	(6,901)	24,418
NET FINANCING ACTIVITY	31,510	2,644
CAPITAL EXPENDITURES GROSS	(23,976)	(27,662)
ADJUSTMENTS	<u>(639)</u>	<u>600</u>
NET CONSTRUCTION	(24,615)	(27,062)
INVESTMENT IN SUBSIDIARIES	-	-
CAPITAL LEASES	-	-
NET PP&E ADJUSTMENT TOTAL	-	-
INDIRECT CASH FLOW	(6)	-
PLANT RETIREMENTS ACTIVITY	2,746	1,919

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

170. Accounts Receivable. For each year 2009 through 2012, 2013 year-to-date and the base & test years, provide the monthly accounts receivable balance due from customers.

Response:

Please see below.

	A/R Customers <u>(Less allowance for doubtful accounts)</u>
Jan-09	\$44,149,779
Feb-09	\$39,901,547
Mar-09	\$26,294,723
Apr-09	\$19,061,251
May-09	\$13,129,866
Jun-09	\$9,809,015
Jul-09	\$9,153,809
Aug-09	\$8,328,208
Sep-09	\$9,119,663
Oct-09	\$12,587,405
Nov-09	\$15,535,452
Dec-09	\$22,230,730
Jan-10	\$24,004,057
Feb-10	\$23,259,156
Mar-10	\$21,742,644
Apr-10	\$16,116,023

May-10	\$13,675,851
Jun-10	\$10,849,069
Jul-10	\$10,204,395
Aug-10	\$11,027,229
Sep-10	\$11,581,329
Oct-10	\$13,573,326
Nov-10	\$18,760,803
Dec-10	\$27,563,855
Jan-11	\$28,839,664
Feb-11	\$23,222,363
Mar-11	\$16,694,205
Apr-11	\$11,879,607
May-11	\$9,931,034
Jun-11	\$8,112,597
Jul-11	\$8,734,464
Aug-11	\$9,203,759
Sep-11	\$10,548,493
Oct-11	\$13,550,942
Nov-11	\$17,141,051
Dec-11	\$20,875,168
Jan-12	\$21,980,370
Feb-12	\$19,129,936
Mar-12	\$13,382,176
Apr-12	\$10,781,577
May-12	\$7,715,913
Jun-12	\$7,019,794
Jul-12	\$7,504,739
Aug-12	\$8,729,417
Sep-12	\$9,692,797
Oct-12	\$12,001,809
Nov-12	\$15,592,658
Dec-12	\$19,229,978
Jan-13	\$19,237,029
Feb-13	\$17,140,205
Mar-13	\$14,731,311
Apr-13	\$9,839,508
May-13	\$7,250,956
Jun-13	\$7,059,428

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

171. Advertising. Provide the total advertising expense for each year 2009 through 2012, 2013 year-to-date and the base & test years.

Response:

Please see the table below.

Advertising Expense	
2009	\$21,424
2010	\$102,234
2011	\$157,127
2012	\$122,258
2013 YTD	\$10,172
Base Period	\$243,034
Forecasted Test Period	\$267,696

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 172
Respondents: Herbert A Miller, Jr. and Brooke E. Leslie

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

172. Board of Directors Meeting Minutes. Please provide copies of the Board of Directors Meeting Minutes for the years 2009 through 2012 and 2013 year-to-date.

Response:

OBJECTION. This question is irrelevant to the extent it seeks minutes from NiSource Board of Directors meetings. Further, the request is overly broad to the extent it seeks information outside of the scope of Columbia's test year, and consequently irrelevant.

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

173. Health Care Costs.

- a. Please identify any and all measures the Company has undertaken within the past three years, including the test year, to minimize its employee benefit health care costs.
- b. State the annualized cost savings associated with each measure, and show how the Company estimated such amount.
- c. Has the Company increased the co-payment provisions borne by employees? If not, why not?
- d. Describe any and all incentives the Company has built into its employee health care benefit package to encourage cost economies.

Response:

- a. During the past three years NiSource has incorporated a number of significant health care cost controls including:
 - Increasing PPO deductibles, co-pays and co-insurance.

- Wellness benefits providing coverage for preventive tests prior to Health Care Reform mandates.
 - Negotiate HMO fees on an annual basis.
 - HMOs are not subsidized above the PPO subsidy.
 - Encourage migration to High Deductible PPOs.
 - Opt out credit below plan cost to provide incentive for employees to be covered under spouse's plan if applicable.
- b. Columbia has not performed an analysis to determine the annualized cost savings associated with each of these measures, but the Columbia medical budget in 2010 projected medical costs in 2012 to be \$1,160,000 based on the expected trend of medical inflation. The 2012 medical cost was \$976,190 and was attributable to the cost measures taken.
- c. Increased PPO and Rx drug provisions effective 1/1/13:

<u>Annual In-Network Deductible</u>	<u>Effective 1/1/2013</u>
Employee	\$400 (was \$300)
Employee + Spouse	\$800 (was \$600)
Employee + Child(ren)	\$800 (was \$600)
Family	\$1,200 (was \$900)
Physician Office Visit	\$30 copay (was \$20)
Specialist Office Visit	\$35 copay (was \$20)
Emergency Room	\$100 copay (was no copay)
Hospital	80% covered after plan deductible (was 80% prior to deductible)
	<u>Rx Drugs</u>
Mail Order 90-day supply	
Generic copay	\$15 (was \$10)

d. Opt out credit noted above; generic drug and mail order usage cost incentives; mammograms and colonoscopies covered at 100% regardless of diagnosis; \$600 HSA annual seed for HDPPPO 1 plan; utilization review program; number of visits cap for chiropractic; pre-natal office visits at 100%; urgent care vs. emergency room cost incentive and two High Deductible plans.

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

174. Health Care Costs. Provide the most current health care premiums and related invoices.

Response:

Please refer to the attachment hereto for Anthem invoices to NiSource for the PPO and HDPPO plans for 2013. NiSource does not receive invoices from HMOs.

Payments are calculated based on headcounts and premium levels for each HMO provided by our benefits administrator Aon Hewitt.

Monthly premiums are shown below.

Exempt Employees

2013 Medical Premiums

<u>PPO</u>	<u>Premium</u>	<u>Employee Contribution</u>
Employee only:	\$ 616.93	\$185.08
Emp + Spouse:	1,233.86	370.16
Emp + Child(ren):	1,203.01	360.90
Family:	2,005.02	601.51

<u>HDPPO 1</u>		
Employee only:	\$ 258.92	\$ 50.00
Emp + Spouse:	517.84	90.00
Emp + Child(ren):	504.89	85.00
Family:	841.49	130.00

<u>HDPPO 2</u>		
Employee only:	\$ 219.85	\$ 5.00
Emp + Spouse:	439.71	10.00
Emp + Child(ren):	428.72	10.00
Family:	714.53	15.00

<u>Carelink</u>		
Employee only:	\$ 645.37	\$ 213.52
Emp + Spouse:	1,290.76	427.06
Emp + Child(ren):	1,258.48	416.37
Family:	2,097.48	693.97

<u>Anthem KY HMO</u>		
Employee only:	\$ 738.23	\$ 306.38
Emp + Spouse:	1,476.45	612.75
Emp + Child(ren):	1,439.54	597.43
Family:	2,399.23	995.72

Non-Exempt Non-Union and Union Employees

2013 monthly medical premiums

<u>PPO</u>	<u>Premium</u>	<u>Employee Contribution</u>
Employee only:	\$ 616.93	\$154.23
Emp + Spouse:	1,233.86	308.47
Emp + Child(ren):	1,203.01	300.75
Family:	2,005.02	501.26
<u>HDPPO 1</u>		
Employee only:	\$ 258.92	\$ 40.00
Emp + Spouse:	517.84	55.00
Emp + Child(ren):	504.89	55.00
Family:	841.49	70.00
<u>HDPPO 2</u>		
Employee only:	\$ 219.85	\$ 5.00
Emp + Spouse:	439.71	10.00
Emp + Child(ren):	428.72	10.00
Family:	714.53	15.00
<u>Carelink</u>		

Employee only:	\$ 645.37	\$ 182.67
Emp + Spouse:	1,290.76	365.37
Emp + Child(ren):	1,258.48	356.22
Family:	2,097.48	593.72
<u>Anthem KY HMO</u>		
Employee only:	\$ 738.23	\$ 275.53
Emp + Spouse:	1,476.45	551.06
Emp + Child(ren):	1,439.54	537.28
Family:	2,399.23	895.47

Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

U125430
 Alexis Vovors
 CO=12

Invoice No: AFA300180668
 Invoice Date: 01/07/2013

Customer Number: AF1100497
 Due Date: 01/10/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

2000021332
 1/8/13 - uploaded
 - bill
 1/11/13 - approved

AMOUNT DUE: **1,881,823.18**

For billing questions, please call 313-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	12/31/2012 - 01/06/2013	1,650,291.94
Drug Claims - Nasco	12/31/2012 - 01/06/2013	231,621.24
Drug claims - Nasco ESI credits from accounting	12/31/2012 - 01/06/2013	(90.00)
TOTAL AMOUNT DUE :		1,881,823.18

Your payment will be withdrawn from your account on the invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

Anthem Blue Cross and Blue Shield is the trade name of: In Colorado and Nevada: Rocky Mountain Hospital and Medical Service, Inc. In Connecticut: Anthem Health Plans, Inc. In Georgia: Blue Cross and Blue Shield of Georgia, Inc. In Indiana: Anthem Insurance Companies, Inc. In Kentucky: Anthem Health Plans of Kentucky, Inc. In Maine: Anthem Health Plans of Maine, Inc. In Missouri (excluding 30 counties in the Kansas City area): RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC), and HMO Missouri, Inc. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. In New Hampshire: Anthem Health Plans of New Hampshire, Inc. In Ohio: Community Insurance Company. In Virginia (serving Virginia excluding the city of Fairfax, the town of Vienna and the area east of State Route 123.): Anthem Health Plans of Virginia, Inc. *HealthKeepers, Inc. In Wisconsin: Blue Cross Blue Shield of Wisconsin ("BCBSWI") underwrites or administers.

Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

W125430
 Alexis Voiers
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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

2000021332
 1/22/13 - uploaded
 -bil
 1/30/13 - uploaded again
 1/31/13 - approved

Invoice No: AFA300181195
 Invoice Date: 01/14/2013

Customer Number: AF1100497
 Due Date: 01/17/2013

AMOUNT DUE: **1,659,057.39**

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	01/07/2013 - 01/13/2013	1,727,578.65
Drug Claims - Nasco	01/07/2013 - 01/13/2013	155,288.04
Drug Rebate 2012 Q2 RX Rebate	01/07/2013 - 01/13/2013	(223,336.42)
Maine Savings Offset Payment ME-SOP National 12/2012	01/07/2013 - 01/13/2013	30.35
Manual COR Refunds COR Refunds 11/2012	01/07/2013 - 01/13/2013	(503.23)
TOTAL AMOUNT DUE :		1,659,057.39

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the Invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

W125430

Alexis Voriers

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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

2000021332

1/22/13 - uploaded

-bil

1/24/13 - approved

Invoice No: AFA300181664
 Invoice Date: 01/22/2013

Customer Number: AF1100497
 Due Date: 01/25/2013

AMOUNT DUE: 1,867,294.00 ✓

To ensure proper application of funds,
 please include Invoice number(s) with your remittance.

For billing questions, please call 513-336-2980 BARB VD

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	01/14/2013 - 01/20/2013	1,737,896.32
Drug Claims - Nasco	01/14/2013 - 01/20/2013	130,037.13
Miscellaneous Fees Lumenos Socrates 08/2012 thru 10/2012	01/14/2013 - 01/20/2013	(1,275.59)
Immunizations Maine Vaccine Dec 2012	01/14/2013 - 01/20/2013	27.24
MI HICA Assessment 3rd qtr MI HICA fees	01/14/2013 - 01/20/2013	269.80
NY Assorted Taxes/Assessment NY HCRA for 12/2012	01/14/2013 - 01/20/2013	339.10

TOTAL AMOUNT DUE : 1,867,294.00 ✓

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

W125430
 Alexis Voiers
 BU=12

Invoice No: AFA300182226
 Invoice Date: 01/28/2013

Customer Number: AF1100497
 Due Date: 01/31/2013

Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

20000 21332
 2/5/13 - uploaded
 -bil
 2/6/13 - approved

AMOUNT DUE: **1,628,386.96**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	01/21/2013 - 01/27/2013	1,498,910.44
Drug Claims - Nasco	01/21/2013 - 01/27/2013	129,240.52
Maine Guar Access Reins MGARA Dec 12	01/21/2013 - 01/27/2013	236.00

TOTAL AMOUNT DUE : 1,628,386.96 ✓

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

20000 2/332
 2/5/13 - uploaded
 -bil
 2/16/13 - approved

Invoice No: AFA300182800
 Invoice Date: 02/04/2013

Customer Number: AF1100497
 Due Date: 02/07/2013

AMOUNT DUE: 1,435,871.24

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	01/28/2013 - 02/03/2013	1,315,919.24
Drug Claims - Nasco	01/28/2013 - 02/03/2013	126,132.09
Comprehensive Primary Care CPCI for 01/2013	01/28/2013 - 02/03/2013	130.00
Manual COR Refunds COR Refunds for 12/2012	01/28/2013 - 02/03/2013	(6,310.09)

TOTAL AMOUNT DUE : 1,435,871.24 ✓

Your payment will be withdrawn from your account on the invoice Due Date.

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Anthem Invoice

Please Remit To:
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 Cleveland OH 44193

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 Alexis Voiers
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Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 2/11/13 - uploaded
 2/12/13 - approved

Invoice No: AFA300183412
 Invoice Date: 02/11/2013

Customer Number: AF1100497
 Due Date: 02/14/2013

AMOUNT DUE: **1,693,109.08**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	02/04/2013 - 02/10/2013	1,543,548.71
Drug Claims - Nasco	02/04/2013 - 02/10/2013	150,064.12
Maine Savings Offset Payment Maine SOP National 01/2013	02/04/2013 - 02/10/2013	16.96
NASCO Manual Refunds CD12 Refunds 01/2013	02/04/2013 - 02/10/2013	(520.71)

TOTAL AMOUNT DUE : 1,693,109.08

Your payment will be withdrawn from your account on the Invoice Due Date.

An Interest fee will be assessed for payments received after the invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Vours
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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

2000021332
 2/18/13 - uploaded
 -bu
 2/19/13 - approved

Invoice No: AFA300183864
 Invoice Date: 02/18/2013

Customer Number: AF1100497
 Due Date: 02/21/2013

AMOUNT DUE: 1,554,553.72

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

For billing questions, please call 513-336-2980 BARB VD

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	02/11/2013 - 02/17/2013	1,432,884.99
Drug Claims - Nasco	02/11/2013 - 02/17/2013	121,668.73
TOTAL AMOUNT DUE :		1,554,553.72

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

U125430
 Alexis Voiers
 BU=12

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

20000 Q1332
 2/25/13 - uploaded
 2/27/13 - approved
 -bil

Invoice No: AFA300184390
 Invoice Date: 02/25/2013

Customer Number: AF1100497
 Due Date: 02/28/2013

AMOUNT DUE: 1,574,290.89

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	02/18/2013 - 02/24/2013	1,421,203.68
Drug Claims - Nasco	02/18/2013 - 02/24/2013	156,765.92
Other Provider Payments	02/01/2013 - 02/28/2013	2,121.98
Comprehensive Primary Care CPCI for 02/2013	02/18/2013 - 02/24/2013	122.00
Maine Guar Access Reins MGARA 01/2013	02/18/2013 - 02/24/2013	256.00
Immunizations ME Vaccine 01/2013	02/18/2013 - 02/24/2013	27.24
Manual COR Refunds COR Refunds 01/2013	02/18/2013 - 02/24/2013	(6,205.93)

TOTAL AMOUNT DUE :

1,574,290.89

Your payment will be withdrawn from your account on the Invoice Due Date.

Anthem Blue Cross and Blue Shield is the trade name of: In Colorado and Nevada: Rocky Mountain Hospital and Medical Service, Inc. In Connecticut: Anthem Health Plans, Inc. In Georgia: Blue Cross and Blue Shield of Georgia, Inc. In Indiana: Anthem Insurance Companies, Inc. In Kentucky: Anthem Health Plans of Kentucky, Inc. In Maine: Anthem Health Plans of Maine, Inc. In Missouri (excluding 30 counties in the Kansas City area): RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC), and HMO Missouri, Inc. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. In New Hampshire: Anthem Health Plans of New Hampshire, Inc. In Ohio: Community Insurance Company. In Virginia (serving Virginia excluding the city of Fairfax, the town of Vienna and the area east of State Route 123.): Anthem Health Plans of Virginia, Inc. *HealthKeepers, Inc. In Wisconsin: Blue Cross Blue Shield of Wisconsin ("BCBSWI") underwrites or administers.

Anthem

Invoice

Please Remit To:
P.O. Box 951254
Cleveland OH 44193

Invoice No: AFA300184390
Invoice Date: 02/25/2013

Customer Number: AF1100497
Due Date: 02/28/2013

Group Health Plan of:
NISource, Inc.
Rick Bond
801 E. 86th Avenue
Merrillville IN 46410

AMOUNT DUE: 1,574,290.89

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
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An interest fee will be assessed for payments received after the invoice due date.		
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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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Invoice No: AFA300184932
 Invoice Date: 03/04/2013

Customer Number: AF1100497
 Due Date: 03/07/2013

AMOUNT DUE: **1,636,042.55**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	02/25/2013 - 03/03/2013	1,470,323.71
Drug Claims - Nasco	02/25/2013 - 03/03/2013	163,385.09 ✓
Other Provider Payments	03/01/2013 - 03/31/2013	2,333.75

TOTAL AMOUNT DUE : 1,636,042.55 ✓

Your payment will be withdrawn from your account on the Invoice Due Date.

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Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Invoice No: AFA300185446
 Invoice Date: 03/11/2013

Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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Customer Number: AF1100497
 Due Date: 03/14/2013

AMOUNT DUE: **2,007,969.89**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	03/04/2013 - 03/10/2013	1,833,366.23
Drug Claims - Nasco	03/04/2013 - 03/10/2013	174,245.30
NY Assorted Taxes/Assessment NY HCRA for 01/2013	03/04/2013 - 03/10/2013	358.36

TOTAL AMOUNT DUE : 2,007,969.89

Your payment will be withdrawn from your account on the invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

Invoice No: AFA300186531
 Invoice Date: 03/25/2013

Customer Number: AF1100497
 Due Date: 03/28/2013

AMOUNT DUE: **2,101,037.45**

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	03/18/2013 - 03/24/2013	1,880,668.74
Drug Claims - Nasco	03/18/2013 - 03/24/2013	221,127.81
Legal Settlement	03/18/2013 - 03/24/2013	(759.10)
AWP Track II Adjustment (\$732.11)		
Pediatric PAXIL Legal Settlement Credit (\$26.99)		

TOTAL AMOUNT DUE : 2,101,037.45

Your payment will be withdrawn from your account on the invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Anthem Invoice

Please Remit To:
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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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Invoice No: AFA300186023
 Invoice Date: 03/18/2013

Customer Number: AF1100497
 Due Date: 03/21/2013

AMOUNT DUE: 1,496,047.07

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	03/11/2013 - 03/17/2013	1,337,679.42
Drug Claims - Nasco	03/11/2013 - 03/17/2013	158,359.86 ✓
Maine Savings Offset Payment ME-SOP National 2/2013	03/11/2013 - 03/17/2013	7.79

TOTAL AMOUNT DUE : 1,496,047.07 ✓

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the Invoice due date.

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Please Remit To:
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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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Invoice No: AFA300187078
 Invoice Date: 04/01/2013

Customer Number: AF1100497
 Due Date: 04/04/2013

AMOUNT DUE: 1,659,322.06

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	03/25/2013 - 03/31/2013	1,483,023.04
Drug Claims - Nasco	03/25/2013 - 03/31/2013	175,812.47
Comprehensive Primary Care CPCI March 2013	03/25/2013 - 03/31/2013	131.00
NY Assorted Taxes/Assessment NY HICA 02/2013	03/25/2013 - 03/31/2013	355.55
TOTAL AMOUNT DUE :		1,659,322.06

Your payment will be withdrawn from your account on the invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Invoice No: AFA300187609
 Invoice Date: 04/08/2013

Customer Number: AF1100497
 Due Date: 04/11/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

AMOUNT DUE: **1,244,463.44**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	04/01/2013 - 04/07/2013	1,076,421.81
Drug Claims - Nasco	04/01/2013 - 04/07/2013	174,362.20
Maine Guar Access Reins MGARA 02/2013	04/01/2013 - 04/07/2013	212.00
Manual COR Refunds COR Refunds for 02/2013	04/01/2013 - 04/07/2013	(6,532.57)
TOTAL AMOUNT DUE :		1,244,463.44

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Invoice No: AFA300188164
 Invoice Date: 04/15/2013

Customer Number: AF1100497
 Due Date: 04/18/2013

Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

AMOUNT DUE: **1,281,799.30**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	04/08/2013 - 04/14/2013	1,328,804.97
Drug Claims - Nasco	04/08/2013 - 04/14/2013	184,117.87
Other Provider Payments	04/08/2013 - 04/14/2013	2,209.35
Drug Rebate Q3 12 RX Rebate	04/01/2013 - 04/30/2013	(233,338.65)
Maine Savings Offset Payment Maine SOP national 03/2013	04/08/2013 - 04/14/2013	5.76
TOTAL AMOUNT DUE :		1,281,799.30 ✓

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the Invoice due date.

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Invoice No: AFA300188689
 Invoice Date: 04/22/2013

Customer Number: AF1100497
 Due Date: 04/25/2013

Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

AMOUNT DUE: **1,724,791.36**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	04/15/2013 - 04/21/2013	1,563,763.57
Drug Claims - Nasco	04/15/2013 - 04/21/2013	161,289.79 ✓
NASCO Manual Refunds CD12 Refunds 03/2013	04/15/2013 - 04/21/2013	(262.00)
TOTAL AMOUNT DUE :		1,724,791.36 ✓

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 5/1/13 - approved*

Invoice No: AFA300189216
 Invoice Date: 04/29/2013

Customer Number: AF1100497
 Due Date: 05/02/2013

AMOUNT DUE: 1,790,101.15

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	04/22/2013 - 04/28/2013	1,617,904.64
Drug Claims - Nasco	04/22/2013 - 04/28/2013	173,748.07
Comprehensive Primary Care CPCI for 04/2013	04/22/2013 - 04/28/2013	114.00
Maine Guar Access Reins MGARA 03/2013	04/22/2013 - 04/28/2013	212.00
NY Assorted Taxes/Assessment NY HCRA for 03/2013	04/22/2013 - 04/28/2013	355.55
Manual COR Refunds COR Refunds for 03/2013	04/22/2013 - 04/28/2013	(2,233.11)

TOTAL AMOUNT DUE :

1,790,101.15

Your payment will be withdrawn from your account on the Invoice Due Date.

An Interest fee will be assessed for payments received after the invoice due date.

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Group Health Plan of:
 NISource, inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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Invoice No: AFA300189758
 Invoice Date: 05/06/2013

Customer Number: AF1100497
 Due Date: 05/09/2013

AMOUNT DUE: 1,579,481.60

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	04/29/2013 - 05/05/2013	1,409,365.53
Drug Claims - Nasco	04/29/2013 - 05/05/2013	167,860.77 ✓
Other Provider Payments	05/01/2013 - 05/31/2013	2,514.38
Manual COR Refunds COR Refunds for 03/2013	04/29/2013 - 05/05/2013	(259.08)

TOTAL AMOUNT DUE : 1,579,481.60

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the Invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Vours
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Invoice No: AFA300190246
 Invoice Date: 05/13/2013

Customer Number: AF1100497
 Due Date: 05/16/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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AMOUNT DUE: **2,007,266.17**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	05/06/2013 - 05/12/2013	1,808,004.23
Drug Claims - Nasco	05/06/2013 - 05/12/2013	199,344.45
Refunds FIU Recoveries	05/06/2013 - 05/12/2013	(82.51)

TOTAL AMOUNT DUE : 2,007,266.17

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Invoice No: AFA300190786
 Invoice Date: 05/20/2013

Customer Number: AF1100497
 Due Date: 05/23/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

AMOUNT DUE: **1,772,391.25**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	05/13/2013 - 05/19/2013	1,581,650.05
Drug Claims - Nasco	05/13/2013 - 05/19/2013	188,161.48
Other Provider Payments	05/01/2013 - 05/31/2013	2,568.23
Maine Savings Offset Payment Maine SOP (National)	05/13/2013 - 05/19/2013	11.49
TOTAL AMOUNT DUE :		1,772,391.25

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

Anthem Blue Cross and Blue Shield is the trade name of: In Colorado and Nevada: Rocky Mountain Hospital and Medical Service, Inc. In Connecticut: Anthem Health Plans, Inc. In Georgia: Blue Cross and Blue Shield of Georgia, Inc. In Indiana: Anthem Insurance Companies, Inc. In Kentucky: Anthem Health Plans of Kentucky, Inc. In Maine: Anthem Health Plans of Maine, Inc. In Missouri (excluding 30 counties in the Kansas City area): RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC), and HMO Missouri, Inc. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. In New Hampshire: Anthem Health Plans of New Hampshire, Inc. In Ohio: Community Insurance Company. In Virginia (serving Virginia excluding the city of Fairfax, the town of Vienna and the area east of State Route 123.): Anthem Health Plans of Virginia, Inc. *HealthKeepers, Inc. In Wisconsin: Blue Cross Blue Shield of Wisconsin ("BCBSW") underwrites or administers.

Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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Invoice No: AFA300191310
 Invoice Date: 05/28/2013

Customer Number: AF1100497
 Due Date: 05/31/2013

Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

2000021332
 -bil
 5/30/13 - uploaded
 5/31/13 - approved

AMOUNT DUE: **2,413,309.30**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	05/20/2013 - 05/26/2013	2,252,126.57
Drug Claims - Nasco	05/20/2013 - 05/26/2013	160,842.73
Comprehensive Primary Care CPCI for 05/2013	05/20/2013 - 05/26/2013	128.00
Maine Guar Access Reins MGARA 04/2013	05/20/2013 - 05/26/2013	212.00
TOTAL AMOUNT DUE :		2,413,309.30 ✓

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Vanders
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 -bil
 4/11/13- uploaded
 4/12/13- approved

Invoice No: AFA300191972
 Invoice Date: 06/03/2013

Customer Number: AF1100497
 Due Date: 06/06/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

AMOUNT DUE: **1,661,422.76**

For billing questions, please call 313-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	05/27/2013 - 06/02/2013	1,448,632.15
Drug Claims - Nasco	05/27/2013 - 06/02/2013	212,432.31
NY Assorted Taxes/Assessment NY HCRA for 04/2013	05/27/2013 - 06/02/2013	362.00
Legal Settlement Coumadin (Warfarin) True Up	05/27/2013 - 06/02/2013	(3.70)
TOTAL AMOUNT DUE :		1,661,422.76

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

Anthem Blue Cross and Blue Shield is the trade name of: In Colorado and Nevada: Rocky Mountain Hospital and Medical Service, Inc. In Connecticut: Anthem Health Plans, Inc. In Georgia: Blue Cross and Blue Shield of Georgia, Inc. In Indiana: Anthem Insurance Companies, Inc. In Kentucky: Anthem Health Plans of Kentucky, Inc. In Maine: Anthem Health Plans of Maine, Inc. In Missouri (excluding 30 counties in the Kansas City area): RightCHOICE® Managed Care, Inc. (RIT), Healthy Alliance® Life Insurance Company (HALIC), and HMO Missouri, Inc. RIT and certain affiliates administer non-HMO benefits underwritten by HALIC and HMO benefits underwritten by HMO Missouri, Inc. RIT and certain affiliates only provide administrative services for self-funded plans and do not underwrite benefits. In New Hampshire: Anthem Health Plans of New Hampshire, Inc. In Ohio: Community Insurance Company. In Virginia (serving Virginia excluding the city of Fairfax, the town of Vienna and the area east of State Route 123.): Anthem Health Plans of Virginia, Inc. *HealthKeepers, Inc. In Wisconsin: Blue Cross Blue Shield of Wisconsin ("BCBSWI") underwrites or administers.

Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 6/11/13 - uploaded
 6/12/13 - approved

Invoice No: AFA300192367
 Invoice Date: 06/10/2013

Customer Number: AF1100497
 Due Date: 06/13/2013

AMOUNT DUE: **1,731,543.98**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	06/03/2013 - 06/09/2013	1,561,566.44
Drug Claims - Nasco	06/03/2013 - 06/09/2013	175,652.70
MI HICA Assessment MI HICA ESI Q1-Q3 2012	06/03/2013 - 06/09/2013	183.36
Manual COR Refunds COR Refunds for 04/2013	06/03/2013 - 06/09/2013	(5,858.52)
TOTAL AMOUNT DUE :		1,731,543.98

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

U125430
 Alexis Vanders
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Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

2008021332
 -bil

6/18/13 - uploaded
 6/24/13 - approve

Invoice No: AFA300192912
 Invoice Date: 06/17/2013

Customer Number: AF1100497
 Due Date: 06/20/2013

AMOUNT DUE: **1,531,702.73**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	06/10/2013 - 06/16/2013	1,327,931.79
Drug Claims - Nasco	06/10/2013 - 06/16/2013	201,306.74 ✓
Other Provider Payments	06/01/2013 - 06/30/2013	2,455.70
Maine Savings Offset Payment Maine SOP 05/2013	06/10/2013 - 06/16/2013	8.50
TOTAL AMOUNT DUE :		1,531,702.73

Your payment will be withdrawn from your account on the Invoice Due Date.

An Interest fee will be assessed for payments received after the invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Vanders
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 -bil
 6/24 - uploaded
 6/25 - approved

Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

Invoice No: AFA300193452
 Invoice Date: 06/24/2013

Customer Number: AF1100497
 Due Date: 06/27/2013

AMOUNT DUE: **1,635,339.98**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	06/17/2013 - 06/23/2013	1,439,743.31
Drug Claims - Nasco	06/17/2013 - 06/23/2013	195,392.67
Maine Guar Access Reins MGARA 05/2013	06/17/2013 - 06/23/2013	204.00
TOTAL AMOUNT DUE :		1,635,339.98

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the Invoice due date.

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

U125430
 Alexis Vanders
 Bu=12

Invoice No: AFA300194015
 Invoice Date: 07/01/2013

Customer Number: AF1100497
 Due Date: 07/08/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 7/2/13 - uploaded
 7/9/13 - approved

AMOUNT DUE: **1,901,815.05**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	06/24/2013 - 06/30/2013	1,664,678.96
Drug Claims - Nasco	06/24/2013 - 06/30/2013	237,015.09
Comprehensive Primary Care CPCI for 06/2013	06/24/2013 - 06/30/2013	121.00
TOTAL AMOUNT DUE :		1,901,815.05

Your payment will be withdrawn from your account on the Invoice Due Date.

An interest fee will be assessed for payments received after the invoice due date.

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Velez
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Invoice No: AFA300194455
 Invoice Date: 07/08/2013

Customer Number: AF1100497
 Due Date: 07/11/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 7/10/13 - uploaded
 7/11/13 - approved

AMOUNT DUE: **1,416,605.15**

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

Description	Coverage Period	Amount
Medical Claims - Nasco	07/01/2013 - 07/07/2013	1,218,741.84
Drug Claims - Nasco	07/01/2013 - 07/07/2013	197,501.31 ✓
NY Assorted Taxes/Assessment NY HCRA 05/2013	07/01/2013 - 07/07/2013	362.00

TOTAL AMOUNT DUE : 1,416,605.15

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Anthem Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Vaers
 Bu-12*

Invoice No: AFA300195051
 Invoice Date: 07/15/2013

Customer Number: AF1100497
 Due Date: 07/18/2013

Group Health Plan of:
 NISource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 -bil
 7/16/13 - uploaded
 7/17/13 - approved*

AMOUNT DUE: **1,729,672.12**

For billing questions, please call 513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	07/08/2013 - 07/14/2013	1,513,098.58
Drug Claims - Nasco	07/08/2013 - 07/14/2013	218,364.95 ✓
Maine Savings Offset Payment Maine SOP National 06/2013	07/08/2013 - 07/14/2013	17.55
MI HICA Assessment MI HICA 4th Qtr In network Claim Fees	07/08/2013 - 07/14/2013	2,156.61
Manual COR Refunds COR Refunds May 2013	07/08/2013 - 07/14/2013	(3,965.57)
TOTAL AMOUNT DUE :		1,729,672.12 ✓

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Anthem

Invoice

Please Remit To:
 P.O. Box 951254
 Cleveland OH 44193

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 Alexis Varies
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Group Health Plan of:
 NiSource, Inc.
 Rick Bond
 801 E. 86th Avenue
 Merrillville IN 46410

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 7/23/13 - uploaded
 7/25/13 - approved

Invoice No: AFA300195577
 Invoice Date: 07/22/2013

Customer Number: AF1100497
 Due Date: 07/25/2013

AMOUNT DUE: **1,575,132.79**

For billing questions, please call

513-336-2980 BARB VD

To ensure proper application of funds,
 please include invoice number(s) with your remittance.

Billed Items

<u>Description</u>	<u>Coverage Period</u>	<u>Amount</u>
Medical Claims - Nasco	07/15/2013 - 07/21/2013	1,355,446.05
Drug Claims - Nasco	07/15/2013 - 07/21/2013	216,724.72 ✓
Other Provider Payments	07/01/2013 - 07/31/2013	2,758.02
Maine Guar Access Reins MGARA 06/2013	07/15/2013 - 07/21/2013	204.00
TOTAL AMOUNT DUE :		1,575,132.79 ✓

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

175. Insurance. For insurance coverage for which the Company is self-insured, please provide a description of that self insurance, a description of how it is accounted for in the utility's books and records and a description of activity for each year 2009 through 2012, 2013 year-to-date and the base & test years.

Response:

Self insurance for Columbia is limited to the deductibles that are paid by Columbia. For auto, general, and employment practices liability, Columbia has a \$25,000 per occurrence deductible, and for property it has a \$1 million per occurrence deductible. Columbia does not pay a deductible for workers' compensation insurance.

The self-insured deductible is recorded on Columbia's books as a current liability in Account 228. The balance represents the amount expected to be paid out for third party injuries and damages. The reserve amount is evaluated on a

monthly basis and includes specifically identified accruals for known, probable future expenses. At the time the accrual is determined, Account 925 and Account 228 is credited with the estimated amount of the exposure. As each claim or case is resolved, the costs are charged to Account 228.

Columbia experienced activity for auto, general, and employment practices for 2009 through year-to-date June 2013. Please see the table below for the amounts related to those activities and amounts included in the base period and forecasted test period.

Self Insurance (Injuries & Damages) Expense	
2009	\$220,921
2010	\$5,321
2011	\$89,944
2012	\$99,797
2013 YTD June	\$24,813
Base Period	\$124,803
Forecasted Test Period	\$102,912

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 176
Respondent: S. Mark Katko

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

176. Insurance Expense. Please provide the amount of insurance expense, by insurance type (i.e., property insurance, liability insurance, workers compensation, directors & officers liability insurance, etc.) for each year 2009 through 2012, 2013 year-to-date and the base & test years and identify the accounts in which the associated costs are included.

Response:

Please refer to Attachment A of this response.

Columbia Gas of Kentucky, Inc.
 Corporate Insurance Expense

<u>Description</u>	<u>Account No.</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>YTD June 2013</u>	<u>Base Period</u>	<u>Forecasted Test Period</u>
Property Insurance	924	\$ 99,876	\$ 94,186	\$ 82,880	\$ 83,150	\$ 43,881	\$ 90,165	\$ 95,653
Excess Liability	925	538,175	623,173	592,552	568,223	274,799	279,928	N/A
Workers Compensation	925	120,398	134,723	123,800	117,558	55,989	55,251	N/A
Excess Liability & Workers Compensation - Forecasted Months	925	-	-	-	-	-	367,403	746,137
Total Account 925		<u>658,573</u>	<u>757,896</u>	<u>716,352</u>	<u>685,781</u>	<u>330,788</u>	<u>702,582</u>	<u>746,137</u>
Total Corporate Insurance Expense		<u>\$ 758,449</u>	<u>\$ 852,082</u>	<u>\$ 799,232</u>	<u>\$ 768,931</u>	<u>\$ 374,669</u>	<u>\$ 792,747</u>	<u>\$ 841,790</u>

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

177. Benefits. Please provide a detailed listing for each of the respective employee benefits, including:

- a. the amount budgeted by account for each year 2009 through 2012, 2013 year-to-date and the base & test years,
- b. the amount expended by account for each year 2009 through 2012, 2013 year-to-date and the base & test years,
- c. an explanation for any change of 10% or more from the previous year,
- d. the amount charged to capital,
- e. the amount charged to other, and
- f. any studies the Company is relying on as justification for the reasonableness of the benefits provided.

Response:

- a. Please refer to Attachment A hereto.
- b. Please refer to Attachment A hereto.

c. Medical and Dental Explanation of Change – Columbia’s medical PPO and HDPPO and dental plans are self insured and the HMOs are insured. Therefore, in addition to health care inflation, their costs can be influenced year by year from migration into other less costly or more costly plans, unusual catastrophic or favorable claims experience, demographics of employees enrolled in each plan, HMO insured experience and Health Care Reform legal requirements. Year to year, each of these combine together to determine changes in health care costs.

Group Life and Long Term Disability Explanation of Change – Life Insurance is an insured plan determined by employee base salaries multiplied by the insured rate formula. Year to year fluctuations can be attributed to headcount, changes in employee salaries, employee demographics, refunds, and employee contributions. Long Term Disability is an insured plan determined by employee base salaries multiplied by the insured rate formula. Year to year fluctuations can be attributed to headcount, changes in employee salaries, and employee demographics.

Thrift Plan Explanation of Change – Columbia contributions increased 11.2% in 2012 due to employees increasing their own contribution levels, which correspondingly increased the company match and also increased with Columbia's switch from a defined benefit pension plan to a defined contribution plan for exempt new hires after January 1, 2010.

Pension/Retirement Plan Explanation of Change – Pension results are driven primarily by asset returns. Expense decreased from 2009 to 2010 and from 2010 to 2011 as strong asset returns and cash funding more than offset the impact of declining discount rates. From 2011 to 2012, expense increased as higher levels of cash funding were offset by poor asset returns and further declining interest rates.

OPEB Medical and Life Explanation of Change - For OPEB Medical, expense decreased from 2009 to 2010 and from 2010 to 2011 due to strong asset returns and positive claims experience offsetting the impact of declining discount rates. For OPEB Life, expense decreased from 2009 to 2010 due to strong asset returns more than offsetting the impact of declining discount rates. From 2011 to 2012, expense increased due to poor asset returns and declining interest rates.

SFAS 112 (ASC 712) Explanation of Change – Columbia makes an annual adjustment to the liability each year for the estimated cost of providing medical, dental, and life insurance to individuals disability up until they are age 65. This amount can vary greatly year to year.

Benefits Transfers Explanation of Change – Transfers primarily represent gross benefits expenses that are reclassified to capital accounts. These amounts can vary greatly year to year based on the costs of the gross benefits plans and the labor hours charged to capital accounts.

- d. Please refer to Attachment A hereto.
- e. Please refer to Attachment A hereto.
- f. Please refer to the response to AG Set 1 No. 190.

Columbia Gas of Kentucky, Inc.
 Case No. 2013-00167
 Employee Benefits (Account 926)

Line No.	Cost Element (A)	Description (B)	Actual TME: Dec 2009	Actual TME: Dec 2010	Actual TME: Dec 2011	Actual TME: Dec 2012	Actual Through June 2013	Year-over- Year Change		
			(C) \$	(D) \$	(E) \$	(F) \$	(G) \$	2009 - 2010 (H=(D-C):C) %	2010 - 2011 (I=(E-D):D) %	2011 - 2012 (J=(F-E):E) %
1	9041	Medical Insurance	826,666	913,082	1,035,214	976,190	1,021,015	10.5%	13.4%	-5.7%
2	9042	Dental	79,238	76,774	62,214	76,827	81,262	-3.1%	-19.0%	23.5%
3	9043	Group Insurance	37,109	(10,169)	31,373	24,117	27,253	-127.4%	-408.5%	-23.1%
4	9044	Long-Term Disability	57,378	65,955	64,441	56,646	67,378	14.9%	-2.3%	-12.1%
5	9045	Employee Assistance Program	15,779	14,049	6,297	3,288	11,390	-11.0%	-55.2%	-47.8%
6	9046	OPEB Medical	705,252	521,558	204,279	217,316	52,551	-26.0%	-60.8%	6.4%
7	9047	OPEB Life	6,229	(21,924)	(23,580)	38,280	(8,424)	-452.0%	7.6%	-262.3%
8	9048	SFAF 106 Amortization	281,712	281,712	281,707	234,758	0	0.0%	0.0%	-16.7%
9	9049	SFAF 106 Amortization	217,700	218,421	(171,582)	262,785	17,182	0.3%	-178.6%	-253.2%
10	9051	Trans Emp Insurance	(486,118)	(399,157)	(407,453)	(374,101)	(364,852)	-17.9%	2.1%	-8.2%
11	9061	Pension / Retirement Plan	1,352,976	854,793	582,096	827,172	2,203,000	-36.8%	-31.9%	42.1%
12	9071	Transfer Retirement Income Plan	(325,934)	(204,469)	(177,872)	(194,203)	(658,685)	-37.3%	-13.0%	9.2%
13	9081	Thrift Plan Matching	302,868	309,051	318,189	353,972	366,805	2.0%	3.0%	11.2%
14	9091	Transfer Thrift Plan	(65,590)	(64,844)	(79,931)	(78,189)	(112,393)	-1.1%	23.3%	-2.2%
15	9095	Thrift Plan Profit Sharing	31,097	88,447	91,943	56,254	58,381	184.4%	4.0%	-38.8%
16		Total	3,036,362	2,643,279	1,817,335	2,481,112	2,761,863			

			2009 Original Budget	2010 Original Budget	2011 Original Budget	2012 Original Budget	Budget Through June 2013
17	9041	Medical	1,191,000	1,158,000	1,097,000	964,740	504,000
18	9042	Dental	84,000	75,000	94,000	86,004	39,498
19	9043	Group Life	27,000	25,000	28,000	28,000	13,998
20	9044	Long-Term Disability	40,000	53,000	80,000	70,000	35,502
21	9045	Employee Assistance Program	4,000	29,000	26,000	20,000	10,002
22	9046	OPEB Medical	423,000	482,000	403,000	221,000	49,002
23	9047	OPEB Life	(74,000)	0	26,000	2,000	1,998
24	9048	SFAS 106 Amortization	281,712	281,712	281,712	234,760	0
25	9049	SFAS 112 Amortization	34,356	34,356	34,356	28,630	0
26	9051	Employee Insurance Plans Transfer:	(445,644)	(502,375)	(456,040)	(393,600)	(210,984)
27	9061	Pension / Retirement Plan	1,173,000	1,138,000	1,020,000	648,000	508,500
28	9071	Retirement Income Plan Transfers	(293,250)	(266,000)	(255,000)	(182,995)	(164,046)
29	9081	Thrift Plan	275,000	297,000	329,000	335,000	202,500
30	9091	Thrift Plan Transfers	(67,716)	(73,138)	(69,090)	(94,608)	(65,328)
31	9095	Profit Sharing	-	27,772	60,112	57,408	27,096
32		Total	2,652,458	2,759,327	2,699,050	2,024,339	951,738

			Base Period TME 08/31/2013 \$	Forecast Test Period TME 12/31/2014 \$
33	9041	Medical Insurance	1,031,964	1,134,144
34	9042	Dental	76,752	84,432
35	9043	Group Insurance	8,434	28,620
36	9044	Long-Term Disability	97,482	74,868
37	9045	Employee Assistance Program	11,536	20,064
38	9046	OPEB Medical	92,173	58,332
39	9047	OPEB Life	7,144	(25,143)
40	9048	SFAS 106 Amortization	46,950	0
41	9049	SFAS 112 Amortization	245,609	0
42	9051	Trans Emp Insurance	(387,313)	(419,387)
43	9061	Pension / Retirement Plan	2,066,908	1,179,000
44	9071	Transfer Retirement Income Plan	(489,504)	(365,136)
45	9081	Thrift Plan Matching	371,636	425,016
46	9091	Transfer Thrift Plan	(108,749)	(129,456)
47	9095	Thrift Plan Profit Sharing	57,508	58,044
48		Total	3,128,530	2,123,398

KY PSC Case No. 2013-00167
Response to AG's Data Request Set One No. 178
Respondent: S. Mark Katko

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

178. Pension. Please provide a copy of the Company's most recent pension plan actuarial report for each pension plan provided by the Company.

Response:

Please refer to Attachment A hereto for the Actuarial Valuation Report and Attachment B hereto for the 2012 Year-End Disclosure Information.

Actuarial Valuation Report

NiSource Inc.

Columbia Energy Group Pension Plan

As of January 1, 2012

Introduction

This report documents the results of the January 1, 2012 actuarial valuation of the Columbia Energy Group Pension Plan for the plan sponsor and for NiSource Inc. The information provided in this report is intended strictly for documenting:

- Minimum required contribution for the 2012 plan year
- Maximum deductible contribution for the 2012 tax year
- Information relating to plan reporting requirements

Determinations for purposes other than the funding valuation and plan reporting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the applicable laws and regulations under Internal Revenue Code (IRC) sections 404 and 412 (including section 430), and our understanding of the plan accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Accounting Standards Codification (ASC) Topic 960, including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The plan accounting information in this report is not intended to supersede or supplant the advice and interpretations of the Company's auditors.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions
- Changes in actuarial methods or in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status)
- Changes in plan provisions or applicable law
- Issuance of additional regulatory guidance

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by NiSource Inc. as of the funding valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results. We have relied on actual and expected contributions as summarized

within this report. Additionally, we have relied on elections to waive funding balances by NiSource Inc. as of the date this report is issued.

Each significant assumption used in this actuarial valuation and not prescribed by law represents, in our opinion, a reasonable expectation of anticipated experience under the plan. Actuarial assumptions and methods for funding purposes for a plan year are formally established when the Form 5500 Schedule SB for such plan year is filed. For this report, it is assumed the plan sponsor will make any elections necessary to effect the assumptions and methods outlined in the Actuarial Assumptions and Methods section of this report.

The undersigned are familiar with the near-term and long-term aspects of pension valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon Hewitt¹ providing services to NiSource Inc. has any material direct or indirect financial interest in NiSource Inc. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for NiSource Inc.

Handwritten signature of Nicholas J. Craig in black ink.

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April, 2013

¹ Aon Consulting, Inc. and Hewitt Associates LLC are operating as Aon Hewitt.

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Funding Requirements

Summary

	January 1, 2011	January 1, 2012
Funding Target		
Retired Participants and Beneficiaries Receiving Payment	\$ 280,545,129	\$ 259,525,453
Terminated Vested Participants	\$ 163,338,811	\$ 141,836,324
Active Participants		
Nonvested Benefits	\$ 15,354,996	\$ 13,052,336
Vested Benefits	<u>399,072,729</u>	<u>391,817,409</u>
Subtotal Active Participants	\$ 414,427,725	\$ 404,869,745
Total	\$ 858,311,665	\$ 806,231,522
Effective Interest Rate	6.06%	6.78%
Target Normal Cost	\$ 22,641,060	\$ 21,210,974
Plan Assets		
Market Value of Assets	\$ 781,663,650	\$ 819,141,916
Value of Plan Assets	\$ 714,862,756	\$ 834,754,925
Funding Standard Carryover Balance	0	0
Prefunding Balance	<u>26,626,504</u>	<u>96,067,815</u>
Adjusted Value of Plan Assets	\$ 688,236,252	\$ 738,687,110
Funding Shortfall, not Less Than \$0	\$ 170,075,413	\$ 67,544,412
Funding Target Attainment Percentage	80.18%	91.62%
Contributions, Beginning-of-Year		
Minimum Required Contribution ¹	\$ 52,523,126	\$ 38,145,945
Maximum Deductible Contribution ²	\$ 646,014,530	\$ 615,749,319
Number of Participants		
Retired Participants and Beneficiaries Receiving Payment	3,766	3,633
Terminated Vested Participants	2,855	2,681
Active Participants	<u>3,761</u>	<u>3,834</u>
Total	10,382	10,148

¹ Before application of funding balances

² Prior to reflection of the at-risk funding target

Market Value of Assets

	2010 Plan Year	2011 Plan Year
Market Value of Assets (MVA), Without Accrued Contributions, January 1	\$ 607,131,484	\$ 704,419,759
Contributions Paid During Plan Year:		
Employer Contributions	78,900,000	203,800,000
Employee Contributions	0	0
Benefit Payments During Plan Year	(70,244,337)	(85,031,789)
Administrative Expenses for Plan Year	(2,816,518)	(2,001,273)
Net Return on Assets During Plan Year	<u>91,449,130</u>	<u>(2,044,781)</u>
MVA, Without Accrued Contributions, December 31	\$ 704,419,759	\$ 819,141,916
Discounted Contributions Receivable for Plan Year	<u>77,243,891</u>	<u>0</u>
MVA, Including Accrued Contributions, December 31	\$ 781,663,650	\$ 819,141,916
Investment Return During Plan Year	15.44%	(0.28%)

Value of Plan Assets

The value of plan assets is used each year for developing the funding requirements of the plan. The value is equal to the average market value of assets for the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and the expected return on assets during these periods. In addition, it includes discounted accrued contributions. However, the value of plan assets must also be constrained to be within 10% of the market value of assets, including discounted accrued contributions, as of the valuation date. This value may be further reduced by applicable funding balances when calculating certain results.

	2010	2011	2012
Expected Rate of Return on Assets	6.82%	6.57%	N/A
Market Value of Assets, Including Discounted Accrued Contributions	\$ 671,853,842	\$ 781,663,650	\$ 819,141,916
Net Adjustments by Plan Year to January 1, 2012:			
Employer Contributions for 2010	87,643,891	N/A	N/A
Employer Contributions for 2011	125,000,000	125,000,000	N/A
Employee Contributions for 2010	0	N/A	N/A
Employee Contributions for 2011	0	0	N/A
Benefit Payments for 2010	(70,244,337)	N/A	N/A
Benefit Payments for 2011	(85,031,789)	(85,031,789)	N/A
Administrative Expenses for 2010	(2,816,518)	N/A	N/A
Administrative Expenses for 2011	(2,001,273)	(2,001,273)	N/A
Expected Earnings for 2010	43,568,616	N/A	N/A
Expected Earnings for 2011	<u>48,759,920</u>	<u>48,759,920</u>	<u>N/A</u>
Adjusted Market Value of Assets	\$ 816,732,352	\$ 868,390,508	\$ 819,141,916
(1) Preliminary Value of Plan Assets, Including Accrued Contributions, January 1, 2012, Average of Adjusted Market Value of Assets			\$ 834,754,925
(2) Market Value Corridor			
(a) 90% of Market Value of Assets, Including Discounted Accrued Contributions			\$ 737,227,725
(b) 110% of Market Value of Assets, Including Discounted Accrued Contributions			\$ 901,056,107
(3) Value of Plan Assets, After Corridor, January 1, 2012, Greater of (1) and 2(a), not Greater Than 2(b)			\$ 834,754,925
(4) Value of Plan Assets as a Percent of Market Value of Assets			101.91%

Prior Plan Year Contributions and Funding Balance Application

Date	Contribution Amount	Discounted at 6.06% to January 1, 2011 ¹
April 15, 2011	\$ 0	\$ 0
July 15, 2011	0	0
October 15, 2011	0	0
December 15, 2011	62,500,000	59,090,610
December 27, 2011	62,500,000	58,976,421
January 15, 2012	0	0
September 15, 2012	<u>0</u>	<u>0</u>
(1) Total Contributions	\$ 125,000,000	\$ 118,067,031
(2) Allocation of 2011 Plan Year Contributions		
(a) Allocation Toward Unpaid Minimum Required Contribution for Prior Years		\$ 0
(b) Contributions Made to Avoid Benefit Restrictions		\$ 0
(c) Allocation Toward Minimum Required Contribution for 2011 Plan Year		\$ 118,067,031
(3) Funding Balance Applied Against Minimum Required Contribution		
(a) Funding Standard Carryover Balance		\$ 0
(b) Prefunding Balance		<u>26,502,617</u>
(c) Total		\$ 26,502,617
(4) Minimum Required Contribution		\$ 52,523,126
(5) Excess Contributions at January 1, 2011, 2(c) + 3(c) – (4)		\$ 92,046,522

¹ Contributions are normally discounted to the beginning of the plan year at the effective interest rate when determining the portion of the minimum required contribution that has been satisfied by the contributions. However, note that contributions attributable to late quarterly installments are discounted at the effective interest rate plus 5% during the period of underpayment.

Funding Balances

The development of the funding standard carryover balance and prefunding balance for the 2012 plan year shown below reflects any elections to waive funding balances that have been made by the plan sponsor as of the date this report is issued (including any deemed elections required under section 436). Note that any elections to waive funding balances that occur after this report is issued (including any deemed elections required under section 436) could affect the valuation results shown in this report.

	Funding Standard Carryover Balance	Prefunding Balance
(1) Beginning Balance, January 1, 2011	\$ 0	\$ 26,626,504
(2) Balances Used During 2011		
(a) Balance Applied to 2011 MRC	\$ 0	\$ 26,502,617
(b) Balance Waived or Deemed Waived for 2011 Plan Year	<u>0</u>	<u>0</u>
(c) Total	\$ 0	\$ 26,502,617
(3) Amount Remaining, (1) – 2(c)	\$ 0	\$ 123,887
(4) Investment Return During 2011 Plan Year	(0.28%)	(0.28%)
(5) Interest Earned on Balance, (3) x (4)	\$ 0	\$ (347)
(6) Prior Year Excess Contributions		
(a) Excess 2011 Plan Year Contributions	N/A	\$ 92,046,522
(b) Interest to December 31, 2011 ¹	N/A	<u>3,897,753</u>
(c) Total Available to Add to Balance	N/A	\$ 95,944,275
(d) Excess Contributions Added to Balance	N/A	\$ 95,944,275
(7) Preliminary Balance, January 1, 2012, (3) + (5) + 6(d)	\$ 0	\$ 96,067,815
(8) Balance Waived or Deemed Waived for 2012 Plan Year	<u>0</u>	<u>0</u>
(9) Balance, January 1, 2012, (7) – (8)	\$ 0	\$ 96,067,815

¹ As applicable, interest on contributions in excess of the minimum required contribution before applying funding balances uses the effective interest rate of 6.06%, and interest on excess contributions attributable to the use of funding balances to offset the minimum required contribution uses the plan's investment return.

Determination of At-Risk Status

A plan is considered at-risk for the 2012 plan year if:

- There were at least 500 participants covered by defined benefit plans in the controlled group on any day of the prior plan year;
- The funding target attainment percentage for the 2011 plan year was less than the funding target benchmark percentage of 80%; and
- The at-risk funding target attainment percentage for the 2011 plan year was less than the at-risk funding target benchmark percentage of 70%.

Small plan exemption?

Yes if 500 or fewer defined benefit plan participants in the controlled group on each day of preceding plan year

No

2011 Funding Target Attainment Percentage

80.18%

Funding Target Benchmark Percentage

80.00%

At-Risk Status

2012 Plan Year

Not-at-risk

2011 Plan Year

Not-at-risk

2010 Plan Year

Not-at-risk

2009 Plan Year

Not-at-risk

2008 Plan Year

Not-at-risk

At-Risk in Current Year and Two of Preceding Four Years? (If Yes, Loads Apply)

No

Since the 2011 funding target attainment percentage is greater than or equal to the 80% funding target benchmark percentage, the plan is deemed to be not-at-risk for the 2012 plan year.

Funding Target and Target Normal Cost

IRC section 430 prescribes the allowable interest rate and mortality assumptions that may be used in this calculation. If a plan is in at-risk status, the plan's funding target and target normal cost are determined using special actuarial assumptions. For 2012, the plan has been determined to be not-at-risk, so the funding target and target normal cost have been developed using the not-at-risk liability basis, including the interest rate, mortality, and other assumptions shown in the Actuarial Assumptions and Methods section of this report.

The Moving Ahead for Progress in the 21st Century Act (MAP-21) introduced a 25-year average interest rate corridor within which each segment rate used for minimum funding purposes must fall. The results below reflect the MAP-21 interest rate corridor and are used to develop the minimum required contribution.

Funding Target, January 1, 2012

Retirees and Beneficiaries Receiving Payment	\$ 259,525,453
Terminated Vested Participants	\$ 141,836,324
Nonvested Benefits for Active Participants	\$ 13,052,336
Vested Benefits for Active Participants	<u>391,817,409</u>
Subtotal Actives	\$ 404,869,745
Total	\$ 806,231,522

Target Normal Cost, January 1, 2012

Target Normal Cost, Before Reflecting Expenses	\$ 18,710,974
Trust Expense Amount	<u>2,500,000</u>
Total	\$ 21,210,974

Funding Target and Target Normal Cost for Purposes Other Than Minimum Funding

The results below do not reflect the MAP-21 interest rate corridor¹ and are used for certain other purposes, such as developing the maximum deductible contribution.

Funding Target, January 1, 2012

Retirees and Beneficiaries Receiving Payment	\$ 292,120,155
Terminated Vested Participants	\$ 159,156,333
Nonvested Benefits for Active Participants	\$ 14,946,934
Vested Benefits for Active Participants	<u>447,007,253</u>
Subtotal Actives	\$ 461,954,187
Total	\$ 913,230,675

Target Normal Cost, January 1, 2012

Target Normal Cost, Before Reflecting Expenses	\$ 21,788,681
Trust Expense Amount	<u>2,500,000</u>
Total	\$ 24,288,681

¹ Throughout this report, results that do not reflect the MAP-21 interest rate corridor are referred to as "without regard to MAP-21".

Funding Target Attainment Percentage and Eligibility Ratio

The 2012 funding target attainment percentage will be used to determine at-risk status for section 430 and section 404 funding purposes for the 2013 plan year. This is a separate calculation from the adjusted funding target attainment percentage used in determining whether benefit restrictions apply under section 436.

Since the 2012 funding target attainment percentage is greater than or equal to 80%, the plan is not at-risk for the 2013 plan year.

For purposes of determining whether a plan sponsor is subject to reporting under PBGC Section 4010, the funding target attainment percentage is determined without regard to MAP-21.

A 2012 funded ratio of at least 80% allows the plan sponsor to apply a portion of the funding standard carryover balance or the prefunding balance against the 2013 minimum required contribution (if elected). For this purpose, the 2012 funded ratio (referred to here as the eligibility ratio for convenience) is calculated as the value of plan assets minus the prefunding balance, divided by the not-at-risk funding target. The funding standard carryover balance must be exhausted before the prefunding balance may be used.

Since the 2012 eligibility ratio is greater than or equal to 80%, the plan sponsor may elect to apply the funding standard carryover balance or prefunding balance to the 2013 minimum required contribution.

(1) Adjusted Value of Plan Assets, January 1, 2012	
(a) Value of Plan Assets	\$ 834,754,925
(b) Funding Standard Carryover Balance	0
(c) Prefunding Balance	<u>96,067,815</u>
(d) Total	\$ 738,687,110
(2) Not-At-Risk Funding Target	\$ 806,231,522
(3) Funding Target Attainment Percentage, January 1, 2012, 1(d) / (2)	91.62%
(4) Not-At-Risk Funding Target Without Regard to MAP-21	\$ 913,230,675
(5) Funding Target Attainment Percentage Without Regard to MAP-21, January 1, 2012, 1(d) / (4)	80.88%
(6) Eligibility Ratio, January 1, 2012, [1(a) – 1(c)] / (2)	91.62%

ERISA Minimum Required Contribution

The minimum required contribution is specified by the Employee Retirement Income Security Act of 1974 (ERISA) and determined under IRC section 430(a). The minimum contribution is determined as of the beginning of the plan year and is equal to the sum of the target normal cost for the plan year and the shortfall amortization charge for the plan year, less any credit for excess assets for the plan year.

All contributions are calculated as being payable on January 1, 2012. Actual contributions are discounted, at the effective interest rate, from the date of each contribution to the beginning of the plan year to determine the portion of the minimum required contribution that has been satisfied. The effective interest rate is the single interest rate that produces the same liability as the liability calculated using segment rates. Contributions for the 2012 plan year may be made until September 13, 2013.

A plan sponsor may elect to use all or a portion of any funding standard carryover balance or prefunding balance to offset the minimum required contribution for a plan year if the plan's eligibility ratio for the prior plan year is at least 80%.

(1) Effective Interest Rate	6.78%
(2) Target Normal Cost	\$ 21,210,974
(3) Credit for Excess Assets	
(a) Adjusted Value of Plan Assets	\$ 738,687,110
(b) Funding Target	<u>806,231,522</u>
(c) Excess Assets, (a) – (b), not Less Than \$0	\$ 0
(d) Credit for Excess Assets, Lesser of (2) and 3(c)	\$ 0
(4) Target Normal Cost Adjusted for Excess Assets, (2) – 3(d)	\$ 21,210,974
(5) Amortization Charges	
(a) Net Shortfall Amortization Charge	\$ 16,934,971
(b) Waiver Amortization Charge	<u>0</u>
(c) Total	\$ 16,934,971
(6) Minimum Required Contribution, Before Reflecting Funding Balances, January 1, 2012, (4) + 5(c), not Less Than \$0	\$ 38,145,945

Funding Shortfall

(1) Funding Target	\$ 806,231,522
(2) Adjusted Value of Plan Assets	
(a) Value of Plan Assets	\$ 834,754,925
(b) Funding Standard Carryover Balance	0
(c) Prefunding Balance	<u>96,067,815</u>
(d) Adjusted Value of Plan Assets, (a) – (b) – (c), not Less Than \$0	\$ 738,687,110
(3) Funding Shortfall, (1) – 2(d), not Less Than \$0	\$ 67,544,412

Determination of Shortfall Amortization Base Exemption

Prefunding balance used to reduce minimum required contribution?	Yes
Value of plan assets less prefunding balance, if any portion used to reduce minimum required contribution, 2(a) – 2(c)	\$ 738,687,110
Is plan exempt from creating a shortfall amortization base?	No

Since the value of plan assets less the prefunding balance (if applicable) is less than the funding target, the plan is not exempt from creating a new shortfall amortization base in 2012.

Shortfall Amortization Charge

The shortfall amortization charge for a plan year is the sum of up to seven annual shortfall amortization installments. Each shortfall amortization installment is equal to a seven-year amortization of the shortfall amortization base (if any) established for a given plan year.

The shortfall amortization base for a plan year is generally determined by subtracting the present value of any remaining shortfall amortization installments for prior plan years from the funding shortfall for the current plan year.

(1) Shortfall Amortization Base for 2012 Plan Year	
(a) Funding Shortfall	\$ 67,544,412
(b) Total Present Value of Annual Installments for Prior Bases	<u>143,827,383</u>
(c) Shortfall Amortization Base, (a) – (b)	\$ (76,282,971)
(2) Segment Rates	
(a) 1st Segment Rate	5.54%
(b) 2nd Segment Rate	6.85%
(2) Shortfall Amortization Installment for 2012 Plan Year, Seven-Year Amortization of 1(c)	\$ (12,947,095)
(3) Sum of Annual Installments for Prior Bases	<u>29,882,066</u>
(4) Shortfall Amortization Charge, (3) + (4), not Less Than \$0	\$ 16,934,971

Schedule of Shortfall Amortization Installments

Type of Base	Present Value of Installment	Date Established	Years Remaining	Amortization Installment
Shortfall	\$ 16,219,916	January 1, 2009	4	\$ 4,388,594
Shortfall	\$ 34,275,266	January 1, 2010	5	\$ 7,613,479
Shortfall	\$ 93,332,201	January 1, 2011	6	\$ 17,879,993
Shortfall	\$ (76,282,971)	January 1, 2012	7	\$ (12,947,095)

ERISA Minimum Required Contribution Without Regard to MAP-21

The minimum required contribution developed below will be disclosed in the Annual Defined Benefit Funding Notice required under ERISA section 101(f). The plan sponsor is not required to contribute the amount shown below.

(1) Effective Interest Rate	5.06%
(2) Target Normal Cost	\$ 24,288,681
(3) Credit for Excess Assets	
(a) Adjusted Value of Plan Assets	\$ 738,687,110
(b) Funding Target	<u>913,230,675</u>
(c) Excess Assets, (a) – (b), not Less Than \$0	\$ 0
(d) Credit for Excess Assets, Lesser of (2) and 3(c)	\$ 0
(4) Target Normal Cost Adjusted for Excess Assets, (2) – 3(d)	\$ 24,288,681
(5) Amortization Charges	
(a) Net Shortfall Amortization Charge	\$ 33,247,854
(b) Waiver Amortization Charge	<u>0</u>
(c) Total	\$ 33,247,854
(6) Minimum Required Contribution, Without Regard to MAP-21, January 1, 2012, (4) + 5(c), not Less Than \$0	\$ 57,536,535

Funding Shortfall Without Regard to MAP-21

(1) Funding Target	\$ 913,230,675
(2) Adjusted Value of Plan Assets	
(a) Value of Plan Assets	\$ 834,754,925
(b) Funding Standard Carryover Balance	0
(c) Prefunding Balance	<u>96,067,815</u>
(d) Adjusted Value of Plan Assets, (a) – (b) – (c), not Less Than \$0	\$ 738,687,110
(3) Funding Shortfall, (1) – 2(d), not Less Than \$0	\$ 174,543,565

Determination of Shortfall Amortization Base Exemption Without Regard to MAP-21

Prefunding balance used to reduce minimum required contribution? Yes

Value of plan assets less prefunding balance, if any portion used to reduce minimum required contribution, 2(a) – 2(c) \$ 738,687,110

Is plan exempt from creating a shortfall amortization base? No

Since the value of plan assets less the prefunding balance (if applicable) is less than the funding target, the plan is not exempt from creating a new shortfall amortization base in 2012.

Shortfall Amortization Charge Without Regard to MAP-21

The shortfall amortization charge for a plan year is the sum of up to seven annual shortfall amortization installments. Each shortfall amortization installment is equal to a seven-year amortization of the shortfall amortization base (if any) established for a given plan year.

The shortfall amortization base for a plan year is generally determined by subtracting the present value of any remaining shortfall amortization installments for prior plan years from the funding shortfall for the current plan year.

(1) Shortfall Amortization Base for 2012 Plan Year		
(a) Funding Shortfall		\$ 174,543,565
(b) Total Present Value of Annual Installments for Prior Bases		<u>153,298,380</u>
(c) Shortfall Amortization Base, (a) – (b)		\$ 21,245,185
(2) Segment Rates		
(a) 1st Segment Rate		2.06%
(b) 2nd Segment Rate		5.25%
(3) Shortfall Amortization Installment for 2012 Plan Year, Seven-Year Amortization of 1(c)		\$ 3,365,788
(4) Sum of Annual Installments for Prior Bases		<u>29,882,066</u>
(5) Shortfall Amortization Charge, (3) + (4), not Less Than \$0		\$ 33,247,854

Schedule of Shortfall Amortization Installments

Type of Base	Present Value of Installment	Date Established	Years Remaining	Amortization Installment
Shortfall	\$ 17,030,010	January 1, 2009	4	\$ 4,388,594
Shortfall	\$ 36,561,380	January 1, 2010	5	\$ 7,613,479
Shortfall	\$ 99,706,990	January 1, 2011	6	\$ 17,879,993
Shortfall	\$ 21,245,185	January 1, 2012	7	\$ 3,365,788

Quarterly Contributions

Unless a plan qualifies for an exemption, quarterly installments toward the minimum required contribution are due on April 15, July 15, and October 15 of the plan year, and January 15 of the following plan year.

Quarterly payments are due the 15th of the month. If the 15th falls on a weekend or holiday, it is recommended that the payment be made by the last business day before the weekend or holiday. If the plan does not satisfy these quarterly installment requirements, interest penalties payable to the plan accrue, and plan participants may need to be notified if the contribution is more than 60 days late. In addition, there may be other implications of missed quarterly installments such as a requirement to notify the PBGC and a requirement to file certain information with the PBGC under ERISA section 4010.

A plan is exempt from the quarterly contribution requirements if it did not have a funding shortfall for the prior plan year. Quarterly requirements may be satisfied by a combination of contributions, and, if eligible, application of funding balances.

2012 Quarterly Contribution Exemption

The funding shortfall for the 2011 plan year was \$170,075,413, so quarterly contributions are required for the 2012 plan year.

2012 Plan Year Quarterly Requirements

The 2012 plan year quarterly requirements are shown below. Quarterly installments are due on April 13, 2012, July 13, 2012, October 15, 2012, and January 15, 2013.

(1) Funding Shortfall for Prior Plan Year	\$ 170,075,413
(2) Minimum Required Contribution for 2011 Plan Year	\$ 52,523,126
(3) Minimum Required Contribution for 2012 Plan Year	\$ 38,145,945
(4) Required Annual Payment, Lesser of (2) and 90% of (3)	\$ 34,331,351
(5) Required Quarterly Contribution, 25% of (4)	\$ 8,582,838

2013 Quarterly Contribution Exemption

The funding shortfall for the 2012 plan year is \$67,544,412, so quarterly contributions are required for the 2013 plan year.

2013 Plan Year Preliminary Quarterly Requirements

The 2013 plan year quarterly requirements are shown below. Quarterly installments are due on April 15, 2013, July 15, 2013, October 15, 2013, and January 15, 2014.

Preliminary Required Quarterly Contribution, 25% of Minimum Required Contribution for 2012 Plan Year	\$ 9,536,487
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Quarterly Liquidity Shortfall Contribution

A plan with more than 100 participants in the preceding year that is subject to the quarterly contribution requirement may need to make additional quarterly contributions to ensure that a minimum level of liquid assets is available to pay benefits as of the end of each quarter. Generally, this required minimum level of liquid assets is the amount needed to pay for three years of benefits and plan expenses. An additional quarterly contribution (made in liquid assets) is due within 15 days of quarter-end if the plan has insufficient liquid assets to satisfy this minimum level. An employer cannot use funding balances or contribute illiquid assets to remedy a liquidity shortfall.

“Liquid assets” means cash, marketable securities, and other assets for which there is an established financial market. “Marketable securities” includes such financial instruments as:

- Stocks and other equity interests
- Debt instruments (including certificates of deposit)
- Options
- Futures contracts

“Other assets” that are treated as liquid assets are insurance, annuity, or other contracts issued by an insurance company that is licensed to do business under the laws of any state, but only if the contract:

- Is a marketable security
- Provides for substantially equal monthly payments
- Is benefit responsive (i.e., the plan has the right to receive payments from the contract in order to pay benefits for any plan participant without restrictions)

The following is a simple test to confirm that the value of liquid assets exceeds the liquidity requirement for the quarter ended December 31, 2011.

(1) Benefit Payments for 2011 Plan Year	\$ 85,031,789
(2) Expenses Paid From Plan Assets for 2011 Plan Year	<u>2,001,273</u>
(3) Subtotal	\$ 87,033,062
(4) Liquidity Requirement as of December 31, 2011, 3 x (3)	\$ 261,099,186
(5) Value of Liquid Assets as of December 31, 2011, Exceeds Liquidity Requirement? ¹	Yes
(6) Estimated Liquidity Shortfall Contribution Required by April 13, 2012	\$ 0

¹ Based on the asset information provided for the quarter ended December 31, 2011, there is not a liquidity shortfall contribution required for that quarter. The liquidity requirement for the plan should be separately evaluated each quarter to determine if a liquidity shortfall contribution is required.

Maximum Deductible Contribution

The maximum deductible contribution shown below is based on the valuation results for the 2012 plan year. The IRS has not yet provided guidance as to which tax year this maximum deductible contribution corresponds. We have assumed below that the maximum deductible contribution based on the valuation results for the 2012 plan year corresponds to the 2012 tax year.

Regulatory guidance that could impact the amount of the maximum deductible limit and the tax year it applies to is anticipated to be provided after this report is issued. The maximum deductible limit shown below should be verified with the plan's actuary before being relied upon.

The target liability and normal cost amounts below are determined without regard to the 25-year average interest rate corridor provided in MAP-21.

(1) Minimum Funding Target Without Regard to MAP-21	\$ 913,230,675
(2) Minimum Target Normal Cost Without Regard to MAP-21	\$ 24,288,681
(3) Cushion Amount	
(a) 50% of Minimum Funding Target, 0.5 x (1)	\$ 456,615,338
(b) Maximum Funding Target, Including Expected Benefit Increases Due to Future Salary Growth	969,600,225
(c) Minimum Funding Target, (1)	<u>913,230,675</u>
(d) Cushion Amount, (a) + (b) – (c)	\$ 512,984,888
(4) Value of Plan Assets for Maximum Deductible Purposes	
(a) Value of Plan Assets	\$ 834,754,925
(b) Carry-Forward for Contributions Made for Prior Plan Years but not Deducted for Prior Tax Years	<u>0</u>
(c) Total, (a) – (b)	\$ 834,754,925
(5) Preliminary Maximum Deductible Contribution, (1) + (2) + 3(d) – 4(c), not Less Than \$0	\$ 615,749,319
(6) Minimum Required Contribution Without Regard to MAP-21	\$ 57,536,535
(7) Maximum Deductible Contribution Without Reflection of At-Risk Target, Greater of (5) and (6)	\$ 615,749,319

Funding Experience

Funding Target Experience

Under the unit credit cost method, deviations in liability experience are measured by comparing the actual funding target before assumption and method changes with the expected funding target. The excess of the expected funding target over the actual funding target is the actuarial gain or loss for the year. The funding target shown below has been measured on a not-at-risk basis, using the 2011 plan year valuation interest rates and mortality table.

	During 2011 Plan Year
Not-At-Risk Funding Target, January 1, 2011	\$ 858,311,665
Not-At-Risk Target Normal Cost, Before Trust Expenses, January 1, 2011	20,051,060
Benefit Payments During Plan Year	(85,031,789)
Interest at 3.78% to December 31, 2011	<u>31,609,917</u>
Expected Funding Target, Before Changes, January 1, 2012	\$ 824,940,853
Actual Funding Target, Before Changes, January 1, 2012	<u>851,708,885</u>
Funding Target (Gain)/Loss for 2011 Plan Year (Actual – Expected)	\$ 26,768,032

Asset Experience

The plan's funding balances are adjusted to reflect the actual rate of return on plan assets for the plan year, which is determined on the basis of fair market value and must take into account the amount and timing of all contributions, distributions, and other plan payments made during the year. On this basis, the annual rate of return on market value of plan assets was (0.28%). Following is a simplified reconciliation of plan assets.

	Value of Plan Assets	Market Value
Asset Value, January 1, 2011	\$ 714,862,756	\$ 781,663,650
Benefit Payments and Expenses During 2011 Plan Year	(87,033,062)	(87,033,062)
2011 Plan Year Discounted Contributions	118,067,031	118,067,031
Expected Earnings at 3.78% during 2011 Plan Year	<u>29,855,079</u>	<u>32,380,153</u>
Expected Asset Value, December 31, 2011	\$ 775,751,804	\$ 845,077,772
Actual Asset Value, December 31, 2011	<u>834,754,925</u>	<u>819,141,916</u>
Asset (Gain)/Loss (Expected – Actual)	\$ (59,003,121)	\$ 25,935,856

Accounting Requirements

ASC 960 Plan Reporting

ASC 960 establishes standards of accounting and reporting for the annual financial statements of a defined benefit pension plan.

	January 1, 2011	January 1, 2012
(1) Actuarial Present Value of Accumulated Plan Benefits		
(a) Participants Currently Receiving Payment	\$ 236,581,107	\$ 236,097,878
(b) Vested Benefits for Other Participants	<u>466,168,466</u>	<u>481,028,588</u>
(c) Total Vested Plan Benefits	\$ 702,749,573	\$ 717,126,466
(d) Nonvested Benefits	<u>12,979,175</u>	<u>11,889,244</u>
(e) Total Plan Benefits	\$ 715,728,748	\$ 729,015,710
(2) Net Assets Available for Plan Benefits		
(a) Plan Assets Per Trust Statement	\$ 704,419,759	\$ 819,141,916
(b) Contributions Receivable	<u>78,800,000</u>	<u>0</u>
(c) Market Value of Assets Available for Plan Benefits	\$ 783,219,759	\$ 819,141,916
(3) Funded Ratio, 2(c) / 1(e)	109.43%	112.36%
(4) Interest Rate	8.75%	8.30%

ASC 960 Change in Present Value of Accumulated Plan Benefits

Disclosure of the following reconciliation of changes in the actuarial present value of accumulated plan benefits is required under ASC 960.

Actuarial Present Value of Accumulated Plan Benefits, January 1, 2011	\$ 715,728,748
Change Due to:	
Interest Accumulation	\$ 58,984,126
Benefits Paid	(85,031,789)
Plan Amendments	710,910
Assumption Changes	15,997,659
Other Changes ¹	<u>22,626,056</u>
Net Change	\$ 13,286,962
Actuarial Present Value of Accumulated Plan Benefits, January 1, 2012	\$ 729,015,710

¹ The "Other Changes" component represents the normal operation of the pension plan. It consists primarily of the increase due to ongoing benefit accruals (if any) and those items of plan experience that are not associated with plan asset performance.

Appendix

Participant Data

The actuarial valuation was based on personnel information from NiSource Inc. records as of January 1, 2012. Following are some of the pertinent characteristics from the personnel data as of that date. Prior year characteristics are also provided for comparison purposes. Both age and service have been determined using years and months as of the valuation date.

	January 1, 2011	January 1, 2012
Active Participants		
Number	3,761	3,834
Average Age	48.5	48.4
Average Service	20.2	19.9
Average Pay	\$ 70,162	\$ 71,235
Total Payroll	\$ 263,879,086	\$ 273,116,389
Inactives With Deferred Benefits		
Number	2,855	2,681
Average Current Age	51.7	52.3
Average Monthly Benefit ¹	\$ 598	\$ 581
Inactives Receiving Payment		
Number	3,766	3,633
Average Current Age	77.8	78.0
Average Monthly Benefit	\$ 745	\$ 759
Total Participants		
Number	10,382	10,148

¹ After adjustment for assumed retirement age and payment form

Distribution of Active Participants by Age and Service

Schedule SB, Line 26—Schedule of Active Participant Data
 As of January 1, 2012

Columbia Energy Group
 Pension Plan
 Active Employees

EIN: 13-1594808 PN: 001

Number of Participants, Average Compensation and Average Cash Balance Account

Attained Age	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25	24 \$22,579 \$905	17								
25-29	65 \$27,855 \$1,077	142 \$61,389 \$8,219	18							
30-34	62 \$26,227 \$966	96 \$64,777 \$9,106	27 \$70,335 \$20,661	24 \$66,264 \$27,480	1					
35-39	26 \$28,649 \$1,110	98 \$68,621 \$10,073	29 \$64,379 \$19,998	39 \$74,034 \$38,031	34 \$73,660 \$42,782	5				
40-44	25 \$33,396 \$1,209	88 \$67,986 \$10,583	29 \$64,352 \$23,712	66 \$78,540 \$44,575	116 \$75,099 \$45,767	65 \$78,519 \$56,208	5			
45-49	18	57 \$71,950 \$13,425	24 \$73,590 \$27,274	62 \$79,551 \$55,290	142 \$69,668 \$45,089	212 \$80,458 \$63,238	128 \$81,512 \$93,581	20 \$68,944 \$76,719		
50-54	7	39 \$66,749 \$12,334	15	42 \$66,651 \$44,817	122 \$69,797 \$43,672	201 \$69,232 \$54,343	281 \$78,823 \$95,428	361 \$72,925 \$91,575	11	
55-59	2	10	5	31 \$74,329 \$56,268	65 \$73,150 \$64,400	105 \$68,068 \$70,611	144 \$66,412 \$68,007	256 \$77,698 \$140,165	113 \$69,693 \$129,495	11
60-64		7	2	10	24 \$68,666 \$60,940	22 \$70,040 \$125,705	35 \$81,586 \$143,930	56 \$63,880 \$75,856	30 \$73,811 \$131,699	37 \$75,574 \$224,865
65-69		3	1	3	2	5	4	1	1	3
70+				1		1				1

N-3834

Changes in Participant Group

Below is a table showing the changes in the number of participants during the 2011 plan year.

Source	Actives	Inactives with Deferred Benefits	Inactives in Payment Status	Total
Plan Participants, 1/1/2011	3,761	2,855	3,766	10,382
Changes During 2011:				
Nonvested Terminations	(22)	0	0	(22)
Lump Sums Paid	(57)	(196)	0	(253)
Lump Sums Pending	(12)	12	0	0
Deferred Vested Terminations	(52)	52	0	0
Retirements	(29)	(26)	55	0
Deaths	(7)	(8)	(264)	(279)
New Beneficiaries	0	3	66	69
Benefit Expirations	0	0	0	0
Rehires	21	(14)	0	7
New Entrants	229	0	0	229
Data Corrections	2	3	10	15
Net Changes	73	(174)	(133)	(234)
Plan Participants, 1/1/2012	3,834	2,681	3,633	10,148
Reduction for duplicate records	0	(7)	0	(7)
Reduction for QDROs	0	(13)	(27)	(40)
Plan Participants for PBGC purposes	3,834	2,661	3,606	10,101

Actuarial Assumptions and Methods

For ERISA Requirements

Interest Rates for Minimum Funding Purposes Based on segment rates with a four-month lookback (as of September 2011), each adjusted as needed to fall within the 25-year average interest rate corridor under MAP-21

1st Segment Rate	5.54%
2nd Segment Rate	6.85%
3rd Segment Rate	7.52%

Interest Rates for Maximum Tax Purposes Based on segment rates with a four-month lookback (as of September 2011), without regard to the MAP-21 interest rate corridor

1st Segment Rate	2.06%
2nd Segment Rate	5.25%
3rd Segment Rate	6.32%

Salary Increases

Minimum Funding Target Normal Cost	See Table 1
Maximum Tax Expected Benefit Increase	See Table 1

Cash Balance Interest Crediting Rate 4.50%

Cash Balance Annuity Conversion Rate 4.50%

Social Security Wage Base Increases Future wage indices are based on a national wage increase of 4.00% per year.

Social Security COLA Increases 3.00%

Optional Payment Form Election Percentage
 Final average pay participants 20% life annuity
 80% lump sum

Account balance participants 100% lump sum

Lump Sum Conversion Interest Rate 4.50%

Lump Sum Conversion Mortality Mortality basis in IRS revenue ruling 2001-62

For ERISA Requirements

Retirement age

Active participants	See Table 2
Terminated vested participants	
Final average pay participants	60
Account balance participants	62

Mortality Rates

Healthy and Disabled	2012 static mortality table for annuitants and non-annuitants per section 1.430(h)(3)-1(e)
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Withdrawal Rates	See Tables 3-4
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Disability Rates	See Table 5
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Decrement Timing	Middle of year decrements, with 100% retirement occurring at beginning of year
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Surviving Spouse Benefit	It is assumed that 80% of males and 80% of females have an eligible spouse, and that males are three years older than their spouses.
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Valuation Compensation	2011 pensionable earnings rolled forward one year with the salary increase assumption
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Benefit and Compensation Limits	Projected benefits and compensation are limited by the current IRC section 415 maximum benefit of \$200,000 and the 401(a)(17) compensation limit of \$250,000.
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Valuation of Plan Assets	Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, and expected earnings. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value.
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A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under IRC section 430(h)(2)(C)(iii).

Expected Return on Assets

2010 Plan Year	6.82%
	The applicable third segment rate limitation is 6.82%.

2011 Plan Year	6.57%
	The applicable third segment rate limitation is 6.57%.

For ERISA Requirements**Trust Expenses Included in Target Normal Cost**

Based on an average of the prior three years' actual administrative expenses (adjusted to the valuation date assuming 3% annual inflation), then rounded to the nearest thousand

Actuarial Method

Standard unit credit cost method

Valuation Date

January 1, 2012

Changes in ERISA Methods/Assumptions Since the Prior Year**Method Changes**

The ERISA valuation did not reflect any method changes.

Assumption Changes

The funding valuation reflects the following assumption changes:

- A change in the mortality assumption from the 2011 static mortality table for annuitants and non-annuitants per section 1.430(h)(3)-1(e) to the 2012 static mortality table for annuitants and non-annuitants per section 1.430(h)(3)-1(e).
- A change in the cash balance interest crediting rate from 5.00% to 4.50%.
- A change in the lump sum conversion interest rate from 5.00% to 4.50%.
- A change in retirement rates for all Final Average Pay participants and Account Balance participants hired prior to January 1, 1995 to better reflect plan experience.
- A change in termination rates for both Union and Nonunion participants to better reflect plan experience.

Actuarial Assumptions and Methods

For ASC 960 Requirements

Interest Rate 8.30%

Value of Accrued Benefits for ASC 960 Purposes Beginning-of-year values are determined in accordance with the recommended procedures of the American Academy of Actuaries as described in Illustrations 1 and 2 of ASOP No. 4, using the standard unit credit cost method.

All Other Assumptions Same as ERISA assumptions

Changes in ASC 960 Methods/Assumptions Since the Prior Year

Method Changes

The plan reporting valuation did not reflect any method changes.

Assumption Changes

The plan reporting valuation reflects the following assumption changes:

- A change in the interest rate from 8.75% to 8.30%.
- A change in the mortality assumption from the 2011 static mortality table for annuitants and non-annuitants per section 1.430(h)(3)-1(e) to the 2012 static mortality table for annuitants and non-annuitants per section 1.430(h)(3)-1(e).
- A change in the cash balance interest crediting rate from 5.00% to 4.50%.
- A change in the lump sum conversion interest rate from 5.00% to 4.50%.
- A change in retirement rates for all Final Average Pay participants and Account Balance participants hired prior to January 1, 1995 to better reflect plan experience.
- A change in termination rates for both Union and Nonunion participants to better reflect plan experience.

Actuarial Assumptions and Methods

Table 1

Salary Merit Increase Rates

Age	Rate
20-29	6.50%
30-34	5.00%
35-39	4.50%
40-49	4.00%
50+	3.50%

Table 2
 Retirement Rates

Age	Final Average Pay Participants and Account Balance Participants Hired Before 1/1/95	Account Balance Participants Hired After 1/1/95
55	15.00%	2.00%
56	7.00%	2.00%
57	7.00%	2.00%
58	10.00%	2.00%
59	10.00%	2.00%
60	20.00%	5.00%
61	20.00%	5.00%
62	20.00%	25.00%
63	20.00%	10.00%
64	30.00%	10.00%
65	50.00%	50.00%
66	35.00%	100.00%
67	35.00%	100.00%
68	35.00%	100.00%
69+	100.00%	100.00%

Table 3
 Withdrawal Rates – Nonunion Participants

Age	Years of Service			
	0	1	2	3+
<28	12.00%	10.00%	8.00%	12.00%
29	12.00%	10.00%	8.00%	11.50%
30	12.00%	10.00%	8.00%	10.80%
31	12.00%	10.00%	8.00%	10.20%
32	12.00%	10.00%	8.00%	9.60%
33	12.00%	10.00%	8.00%	9.00%
34	12.00%	10.00%	8.00%	8.50%
35	12.00%	10.00%	8.00%	7.90%
36	12.00%	10.00%	8.00%	7.40%
37	12.00%	10.00%	8.00%	6.90%
38	12.00%	10.00%	8.00%	6.50%
39	12.00%	10.00%	8.00%	6.00%
40	12.00%	10.00%	8.00%	5.60%
41	12.00%	10.00%	8.00%	5.20%
42	12.00%	10.00%	8.00%	4.90%
43	12.00%	10.00%	8.00%	4.50%
44	12.00%	10.00%	8.00%	4.20%
45	12.00%	10.00%	8.00%	3.90%
46	12.00%	10.00%	8.00%	3.60%
47	12.00%	10.00%	8.00%	3.40%
48	12.00%	10.00%	8.00%	3.10%
49	12.00%	10.00%	8.00%	2.90%
50	12.00%	10.00%	8.00%	2.70%
51	12.00%	10.00%	8.00%	2.60%
52	12.00%	10.00%	8.00%	2.40%
53	12.00%	10.00%	8.00%	2.30%
54	12.00%	10.00%	8.00%	2.20%
55	12.00%	10.00%	8.00%	2.20%
56	12.00%	10.00%	8.00%	2.10%
57	12.00%	10.00%	8.00%	2.10%
58	12.00%	10.00%	8.00%	2.00%
59	12.00%	10.00%	8.00%	2.00%
60	12.00%	10.00%	8.00%	1.90%
61	12.00%	10.00%	8.00%	1.90%
62	12.00%	10.00%	8.00%	1.80%
63	12.00%	10.00%	8.00%	1.70%
64	12.00%	10.00%	8.00%	1.60%
65+	12.00%	10.00%	8.00%	1.50%

Table 4
 Withdrawal Rates – Union Participants

Age	Years of Service			
	0	1	2	3+
<21	9.60%	9.60%	9.60%	9.60%
22	9.00%	9.00%	9.00%	9.00%
23	8.60%	8.60%	8.60%	8.60%
24	8.00%	8.00%	8.00%	8.00%
25	8.00%	7.60%	7.60%	7.60%
26	8.00%	7.20%	7.20%	7.20%
27	8.00%	6.60%	6.60%	6.60%
28	8.00%	6.20%	6.20%	6.20%
29	8.00%	6.00%	5.80%	5.80%
30	8.00%	6.00%	5.60%	5.60%
31	8.00%	6.00%	5.20%	5.20%
32	8.00%	6.00%	5.00%	4.80%
33	8.00%	6.00%	5.00%	4.40%
34	8.00%	6.00%	5.00%	4.20%
35	8.00%	6.00%	5.00%	3.80%
36	8.00%	6.00%	5.00%	3.60%
37	8.00%	6.00%	5.00%	3.40%
38	8.00%	6.00%	5.00%	3.20%
39	8.00%	6.00%	5.00%	3.00%
40	8.00%	6.00%	5.00%	2.80%
41	8.00%	6.00%	5.00%	2.60%
42	8.00%	6.00%	5.00%	2.40%
43	8.00%	6.00%	5.00%	2.40%
44	8.00%	6.00%	5.00%	2.20%
45	8.00%	6.00%	5.00%	2.20%
46	8.00%	6.00%	5.00%	2.00%
47	8.00%	6.00%	5.00%	2.00%
48	8.00%	6.00%	5.00%	2.00%
49	8.00%	6.00%	5.00%	2.00%
50	8.00%	6.00%	5.00%	2.00%
51	8.00%	6.00%	5.00%	2.00%
52	8.00%	6.00%	5.00%	2.00%
53	8.00%	6.00%	5.00%	2.00%
54	8.00%	6.00%	5.00%	2.00%
55	8.00%	6.00%	5.00%	2.00%
56	8.00%	6.00%	5.00%	2.00%
57	8.00%	6.00%	5.00%	2.00%
58	8.00%	6.00%	5.00%	2.00%
59	8.00%	6.00%	5.00%	2.00%
60	8.00%	6.00%	5.00%	2.00%
61	8.00%	6.00%	5.00%	2.00%
62	8.00%	6.00%	5.00%	2.00%
63	8.00%	6.00%	5.00%	2.00%
64	8.00%	6.00%	5.00%	2.00%
65+	8.00%	6.00%	5.00%	2.00%

Table 5
 Disability Rates

Age	Male	Female	Age	Male	Female
20	0.052%	0.052%	50	0.413%	0.575%
21	0.053%	0.056%	51	0.463%	0.613%
22	0.054%	0.060%	52	0.513%	0.650%
23	0.055%	0.064%	53	0.563%	0.700%
24	0.056%	0.067%	54	0.625%	0.738%
25	0.057%	0.071%	55	0.688%	0.783%
26	0.058%	0.075%	56	0.762%	0.825%
27	0.059%	0.075%	57	0.856%	0.875%
28	0.060%	0.081%	58	0.975%	0.950%
29	0.061%	0.083%	59	1.075%	1.050%
30	0.062%	0.087%	60	1.175%	1.150%
31	0.064%	0.092%	61	1.325%	1.275%
32	0.065%	0.113%	62	1.500%	1.450%
33	0.067%	0.125%	63	1.665%	1.625%
34	0.069%	0.142%	64+	1.725%	1.725%
35	0.071%	0.158%			
36	0.073%	0.175%			
37	0.078%	0.194%			
38	0.083%	0.217%			
39	0.092%	0.238%			
40	0.100%	0.263%			
41	0.116%	0.283%			
42	0.131%	0.313%			
43	0.145%	0.338%			
44	0.170%	0.367%			
45	0.200%	0.400%			
46	0.244%	0.431%			
47	0.280%	0.463%			
48	0.325%	0.496%			
49	0.363%	0.533%			

Actuarial Assumptions and Methods

Discussion of Actuarial Assumptions and Methods

For the funding valuation, the allowable interest rates and mortality tables available to measure plan liabilities are prescribed by IRC section 412. Aon Hewitt provided guidance with respect to the alternative interest rate and mortality table options, and it is our belief that the options prescribed by NiSource Inc. are appropriate for funding purposes. It is our belief that all other actuarial assumptions used for the funding valuation represent reasonable expectations of anticipated plan experience. The actuarial cost and amortization methods used are prescribed by IRC section 412. While the method used to value assets is prescribed by NiSource Inc., Aon Hewitt provided guidance with respect to the use of this method, and it is our belief that the method is appropriate for funding purposes.

For the plan accounting valuation, NiSource Inc. selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with ASC 960. Aon Hewitt provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience. The asset and actuarial cost methods used are prescribed by ASC 960.

Calculation of Normal Costs and Liabilities

The method used to calculate the ERISA target normal cost and funding target, and ASC 960 liabilities, is the unit credit cost method. The funding target under IRC section 430 is calculated as the present value of all benefits that have been accrued or earned under the plan as of the first day of the plan year, based on current service and current pay. The target normal cost is the present value of all benefits expected to accrue or be earned under the plan during the plan year, including any increase in benefits earned in prior plan years attributable to compensation increases in the current plan year, plus certain trust expenses.

Under this method, benefits are estimated at each decrement age using service and earnings as of the valuation date. The present value of these estimated benefits using the applicable ERISA or ASC 960 assumptions is the ERISA funding target or ASC 960 actuarial present value of accumulated plan benefits. The target normal cost is the present value of the benefits earned during the year.

For calculating the actuarial present value of vested benefits, benefits at each decrement age are determined in the same manner, but are then multiplied by each participant's vesting percentage as of the valuation date. The present value of these estimated vested benefits is determined without recognition of any benefit for which a participant will become entitled only through the advancement in service or age while actively employed. In addition, certain ancillary benefits have been treated as vested consistent with PBGC premium regulations.

Plan Provisions

Effective date	January 1, 1943, restated effective January 1, 2011
Eligibility for participation	Exempt employees hired on or after January 1, 2010 are not eligible for pension benefits. All other employees of the Columbia Energy Group are eligible. Eligible employees participate on their date of hire.
Normal retirement Eligibility	Later of Social Security normal retirement age and fifth anniversary of participation
Benefit	Effective January 1, 2000, the plan was amended to allow all nonunion and some union participants a one-time choice between the following benefits (remaining union participants were offered choice effective January 1, 2004):
Final average pay benefit	The sum of (a), (b), and (c): <ul style="list-style-type: none"> (a) 1.15% of final three-year average compensation up to one-half of the Social Security wage base times years of credited service (maximum 30 years) (b) 1.50% of final three-year average compensation in excess of one-half of the Social Security wage base times years of credited service (maximum 30 years) (c) 0.50% of final three-year average compensation times years of credited service over 30 (maximum 10 years)
Account Balance I benefit	A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 45	5.0%	2.0%
45 – 59	6.5%	2.0%
60 – 74	8.0%	2.0%
75 or more	10.0%	2.0%

For the Account Balance I benefit, the participant's accrued benefit as of December 31, 1999 was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II benefit

Effective January 1, 2006, the plan was amended for all exempt participants. A new cash balance benefit was implemented with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

All exempt hires after January 1, 2006 will participate in the new program. Existing exempt employees were given a one-time choice of switching to the new program on January 1, 2006 or waiting until January 1, 2011.

Nonexempt employees hired after January 1, 2008 also participate in the new program. All other nonexempt employees will be switched over on January 1, 2013.

For final average pay participants, the participant's accrued benefit as of the date they are switched to the new program is converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Early retirement
 Eligibility

Age 55 and 10 years of service, or age 60 and 5 years of service

Benefit

Final average pay benefit

A benefit equal to the normal retirement benefit based on years of credited service and final three-year average compensation at the date of termination. If payments begin more than three years prior to Social Security normal retirement age, the payments are reduced by 3% per year.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Temporary supplemental benefit

Final average pay benefit participants who retire before age 62 receive a temporary supplemental benefit of \$5,760 per year until age 62, reduced pro rata for service less than 30 years.

Vested termination**Eligibility**

Three years of service

Benefit**Final average pay benefit**

A monthly benefit equal to the normal retirement benefit based on three-year average compensation and credited service at the date of termination. Payments may begin after the eligibility requirements for early retirement have been satisfied. Vested termination benefits that begin before normal retirement will be reduced based on the early retirement factors.

Account balance benefit

The participant is always entitled to their vested cash balance at termination or retirement.

Disability**Eligibility**

Qualification for benefits under the employer's long-term disability plan

Benefit**Final average pay benefit**

Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.

Account balance benefit

Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.

Preretirement death**Eligibility**

Three years of service

Benefit**Final average pay participants**

75% of normal retirement benefit as of the participant's date of death, reduced by .25% for each full month in excess of 60 months by which the participant's age exceeded the spouse's age. If no surviving spouse, payment divided among surviving children under age 21.

Account balance participants

A life annuity actuarially equivalent to the account balance as of the date of death (may elect to receive as a lump sum).

<p>Normal form of annuity</p> <p>Without spouse</p> <p>With spouse</p>	<p>Life annuity</p> <p>50% joint and survivor annuity actuarially equivalent to the retirement benefit payable for employee's lifetime. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. If the spouse dies before participant and within 60 months after the annuity start date, benefit increases to life annuity value.</p>
<p>Optional forms of annuity</p>	<p>Life annuity; 100%, 66 2/3%, 50% pop-up, or 33 1/3% joint and survivor annuity; lump sum</p>
<p>Actuarial equivalence</p> <p>Mortality</p>	<p>1983 Group Annuity Mortality Table, set back one year for participants and five years for beneficiaries</p>
<p>Interest</p>	<p>8% per year</p>
<p>Definitions</p> <p>Service</p>	<p>Participants generally earn one month of service for each calendar month in which he/she is credited with at least one hour of service.</p>
<p>Compensation</p> <p>Final average pay participants</p>	<p>Base pay or wages, including commissions, before any reductions under sections 125 and 401(k), excluding overtime and performance-based pay, but including banked vacation. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).</p>
<p>Account balance participants</p>	<p>For purposes of determining a participant's pay credits, compensation also includes performance-based pay.</p>
<p>Three-year average compensation</p>	<p>Highest average annual compensation for any 36 months during the last 60 months of service</p>

Plan Changes Since the Prior Year

The funding and plan reporting valuations reflect the following plan changes:

- All disabled exempt participants who were still participating in the Final Average Pay or Account Balance I benefits were converted to the Account Balance II benefit effective January 1, 2012.
- A change in 401(a)(17) maximum pay limit from \$245,000 to \$250,000.
- A change in the 415 maximum benefit limit from \$195,000 to \$200,000.

2012 Year-End Disclosure Information

NiSource Inc.

Qualified and Nonqualified Pension Plans

As of December 31, 2012

Preparation of this Actuarial Valuation

As of December 31, 2012

NiSource Inc. Qualified and Nonqualified Pension Plans

This report has been prepared to present to management the accounting and reporting requirements for the 2012 fiscal year for pension benefits as set forth in Accounting Standard Codification Topic 715 ("ASC 715"). Determinations for purposes other than financial accounting requirements may be significantly different from the results reported herein. Thus, the use of this report for purposes other than those expressed here may not be appropriate. The results as of other dates may also be significantly different from the results reported herein and the scope of this report does not include an analysis of the potential range of results as of other dates.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by NiSource. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonability. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results. This information along with any adjustments or modifications is summarized in various sections of this report. In calculating 2012 expense, we have measured liabilities as of December 31, 2011. In calculating projected year-end disclosure results, we have measured liabilities as of December 31, 2012. Except as specifically noted elsewhere in this report, these projected results do not reflect changes in assumptions and other significant events between January 1, 2012 and the December 31, 2012 year-end measurement date.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the requirements of ASC 715. The information in this report is not intended to supersede or supplant the advice and interpretations of the Company's auditors.

The actuarial assumptions and methods used in this valuation are described in later sections of this report. The economic and demographic assumptions used for purposes of compliance with ASC 715 were prescribed by NiSource. Aon Hewitt provided guidance with respect to these assumptions and it is our belief that they represent reasonable expectations of anticipated plan experience. The actuarial cost method used is prescribed by ASC 715.

The preparation of this report included pension actuaries familiar with the near-term and long-term aspects of pension benefits. The undersigned are familiar with the necessary aspects of pension and postretirement valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions herein. All of the sections of this report are considered an integral part of the actuarial opinions.

Preparation of this Actuarial Valuation

To our knowledge, no associate of Aon Hewitt providing services to NiSource has any direct financial interest or indirect material interest in NiSource. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for NiSource.

Hewitt Associates LLC, operating as Aon Hewitt

A handwritten signature in cursive script, appearing to read "Nick Craig".

Nicholas J. Craig
Fellow of the Society of Actuaries
Enrolled Actuary

A handwritten signature in cursive script, appearing to read "Anne McCarte".

Anne K. McCarte
Fellow of the Society of Actuaries
Enrolled Actuary

January 2013

About this Material

This report contains 2012 year-end disclosure information in ASC 715 format for the NiSource Inc. qualified and nonqualified pension plans.

Actuarial Assumptions and Methods

The assumptions used to develop 2012 expense are the same as those used to develop December 31, 2011 disclosures. The same assumptions were used to develop 2012 year-end liabilities with the following exceptions:

- A change in the discount rate from 4.60% to plan-specific discount rates as noted in this report.
- A change in the cash balance interest crediting rate from 4.50% to 4.00%.
- A change in the lump sum conversion interest rate from 4.50% to 4.00%.
- A change in retirement rates for NiSource, Columbia, Subsidiaries, and Kokomo Union final average pay participants to better reflect the experience.
- A change in termination rates for both Union and Nonunion participants to better reflect plan experience.
- A change in the opening balance rate from 4.50% for January 1, 2013 conversions and 4.50% for future conversions to 2.88% for January 1, 2013 conversions and 4.00% for future conversions.
- The Bay State Gas Company Pension Plan was remeasured effective August 31, 2012 using a discount rate of 3.39%. The remeasurement was due to settlement accounting triggered by lump sum payments exceeding the sum of the service cost and interest cost.

Plan Provisions

The plan provisions used to develop 2012 expense are the same as those used to develop December 31, 2011 disclosures. The same plan provisions were used to develop 2012 year-end liabilities with the following exceptions:

- A change to the maximum considered compensation for final average pay benefits for Brockton Physical from \$65,000 to \$68,000 and for Lawrence from \$63,000 to \$66,000.
- A change in 401(a)(17) maximum pay limit from \$245,000 to \$250,000.
- A change in the 415 maximum benefit limit from \$195,000 to \$200,000.
- The NiSource Subsidiary Pension Plan and Kokomo Union Pension Plan were merged into the NiSource Pension Plan effective December 31, 2012.

About this Material

Participant Data

2012 expense was developed from participant data as of January 1, 2011 as summarized in the December 31, 2011 disclosure report. 2012 year-end liabilities were developed from participant data as of January 1, 2012 as summarized below.

Pension

	January 1, 2012						
	NiSource	Columbia	BSNU	BSU	Subs	KOKU	Total
Number of Participants							
Actives	3,235	3,834	166	417	45	32	7,729
Retirees & Beneficiaries	4,144	3,633	176	183	61	3	8,200
Vested Terminations	<u>830</u>	<u>2,681</u>	<u>176</u>	<u>89</u>	<u>9</u>	<u>15</u>	<u>3,800</u>
Total	8,209	10,148	518	689	115	50	19,729
Characteristics of Active Participants							
Average Age	46.0	48.4	49.9	48.0	47.8	49.2	47.4
Average Service	15.5	19.9	18.4	17.7	17.5	19.5	17.9
Average Pay	\$ 83,441	\$ 71,235	\$ 72,413	\$ 60,041	\$ 66,191	\$ 67,407	\$ 75,720
Total Payroll (\$ Millions)	\$ 269.9	\$ 273.1	\$ 12.0	\$ 25.0	\$ 3.0	\$ 2.2	\$ 585.2

Supplemental 2012 year-end reports will be issued detailing the development of the disclosure information and the calculation of fiscal 2013 expense.

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Disclosure Information

NiSource Inc.

Disclosure under ASC 715 - Qualified and Nonqualified Pension Plans - Grand Total

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 2,771,565,289	\$ 2,523,546,504	\$ 2,429,489,057
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 2,560,690,618	\$ 2,478,411,828	\$ 2,356,011,426
Service Cost	37,736,803	37,539,182	39,162,540
Interest Cost	112,751,057	119,510,841	125,706,470
Participant Contributions	-	-	-
Plan Amendments	1,132,922	206,602	465,161
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	588,018	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(192,109,890)	(197,482,855)	(187,417,589)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	271,169,058	122,505,020	144,483,820
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 2,791,958,586	\$ 2,560,690,618	\$ 2,478,411,828
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 2,087,776,459	\$ 1,900,054,025	\$ 1,681,542,671
Actual Return on Plan Assets	261,610,564	(8,321,293)	244,148,870
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	3,718,882	393,526,582	161,780,073
Participant Contributions	-	-	-
Benefits Paid	(192,109,890)	(197,482,855)	(187,417,589)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ 2,160,996,015	\$ 2,087,776,459	\$ 1,900,054,025
Funded Status	\$ (630,962,571)	\$ (472,914,159)	\$ (578,357,803)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	(3,350,000)	(3,270,000)	(3,290,000)
Noncurrent Liabilities	(627,612,571)	(469,644,159)	(575,067,803)
Net Amount Recognized at End of Year	\$ (630,962,571)	\$ (472,914,159)	\$ (578,357,803)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Unrecognized Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Unrecognized Prior Service Cost	(5,103,403)	(6,032,349)	(6,032,325)
Unrecognized Actuarial (Gain)/Loss	1,205,199,035	1,113,580,547	871,404,458
	\$ 1,200,095,632	\$ 1,107,548,198	\$ 865,372,133

NiSource Inc.

Disclosure under ASC 715 - Qualified and Nonqualified Pension Plans - Grand Total

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 37,736,803	\$ 37,539,182	\$ 39,162,540
Interest Cost	112,751,057	119,510,841	125,706,470
Expected Return on Plan Assets	(164,567,610)	(167,055,351)	(143,730,166)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	203,976	206,626	1,996,624
Recognized Actuarial (Gain)/Loss	81,218,051	55,705,575	57,814,811
Net Periodic Benefit Cost	\$ 67,342,277	\$ 45,906,873	\$ 80,950,279
One-Time Charge	1,877,583	-	1,381,499
Total Net Pension Cost	\$ 69,219,860	\$ 45,906,873	\$ 82,331,778
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ 1,132,922	\$ 206,602	\$ 465,161
Net Actuarial (Gain)/Loss	174,714,122	297,881,664	44,065,115
Less: (Gain)/Loss Recognized in One-Time Charge	(1,877,583)	-	(1,154,036)
Less: Prior Service Cost Recognized in One-Time Charge	-	-	(227,463)
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(203,976)	(206,626)	(1,996,624)
Less: Amortization of Net Actuarial (Gain)/Loss	(81,218,051)	(55,705,575)	(57,814,811)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 92,547,434	\$ 242,176,065	\$ (16,662,658)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 161,767,294	\$ 288,082,938	\$ 65,669,120

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$84,107,597, \$252,224, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations¹

Discount Rate	3.63%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost¹

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 11,340,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 229,550,000
2014	229,930,000
2015	224,700,000
2016	232,030,000
2017	231,360,000
2018 - 2022	1,050,320,000

¹ Assumptions may vary by plan; the assumptions used for each plan can be found on their respective pages.

NiSource Inc.
Disclosure under ASC 715 - Qualified Plan Total

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 2,730,193,287	\$ 2,485,151,822	\$ 2,392,445,047
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 2,522,243,769	\$ 2,441,317,964	\$ 2,317,197,127
Service Cost	37,196,806	37,052,351	38,856,308
Interest Cost	111,057,712	117,738,398	123,709,426
Participant Contributions	-	-	-
Plan Amendments	1,132,922	206,602	465,161
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	588,018	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(189,201,008)	(194,076,273)	(181,024,516)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	267,518,840	120,004,727	142,114,458
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 2,750,537,059	\$ 2,522,243,769	\$ 2,441,317,964
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 2,087,776,459	\$ 1,900,054,025	\$ 1,681,542,671
Actual Return on Plan Assets	261,610,564	(8,321,293)	244,148,870
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	810,000	390,120,000	155,387,000
Participant Contributions	-	-	-
Benefits Paid	(189,201,008)	(194,076,273)	(181,024,516)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ 2,160,996,015	\$ 2,087,776,459	\$ 1,900,054,025
Funded Status	\$ (589,541,044)	\$ (434,467,310)	\$ (541,263,939)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	(589,541,044)	(434,467,310)	(541,263,939)
Net Amount Recognized at End of Year	\$ (589,541,044)	\$ (434,467,310)	\$ (541,263,939)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Unrecognized Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Unrecognized Prior Service Cost	(5,257,376)	(6,292,032)	(6,397,718)
Unrecognized Actuarial (Gain)/Loss	1,188,903,076	1,100,256,585	860,063,877
	\$ 1,183,645,700	\$ 1,093,964,553	\$ 853,666,159

NiSource Inc.
Disclosure under ASC 715 - Qualified Plan Total

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 37,196,806	\$ 37,052,351	\$ 38,856,308
Interest Cost	111,057,712	117,738,398	123,709,426
Expected Return on Plan Assets	(164,567,610)	(167,055,351)	(143,730,166)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	98,266	100,916	739,071
Recognized Actuarial (Gain)/Loss	80,539,830	55,188,663	57,392,617
Net Periodic Benefit Cost	\$ 64,325,004	\$ 43,024,977	\$ 76,967,256
One-Time Charge	1,877,583	-	-
Total Net Pension Cost	\$ 66,202,587	\$ 43,024,977	\$ 76,967,256
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ 1,132,922	\$ 206,602	\$ 465,161
Net Actuarial (Gain)/Loss	171,063,904	295,381,371	41,695,753
Less: (Gain)/Loss Recognized in One-Time Charge	(1,877,583)	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(98,266)	(100,916)	(739,071)
Less: Amortization of Net Actuarial (Gain)/Loss	(80,539,830)	(55,188,663)	(57,392,617)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 89,681,147	\$ 240,298,394	\$ (15,970,774)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 155,883,734	\$ 283,323,371	\$ 60,996,482

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$83,230,856, \$146,514, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations¹

Discount Rate	3.63%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost¹

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 7,990,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 226,200,000
2014	226,400,000
2015	221,250,000
2016	228,250,000
2017	228,050,000
2018 - 2022	1,034,050,000

¹ Assumptions may vary by plan; the assumptions used for each plan can be found on their respective pages.

NiSource Inc.
Disclosure under ASC 715 - Qualified Pension Plan

	2012	2011	2010
Accumulated Benefit Obligation at End of Year¹	\$ 1,513,310,890	\$ 1,418,433,718	\$ 1,356,503,948
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 1,436,856,667	\$ 1,375,525,014	\$ 1,326,406,899
Service Cost	16,016,168	15,886,914	17,617,757
Interest Cost	63,396,357	66,268,751	70,797,427
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(96,948,945)	(98,684,755)	(102,622,440)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	89,233,306	77,860,743	63,325,371
Transfers to NiSource Plan	23,547,349	-	-
Benefit Obligation at End of Year	\$ 1,532,100,902	\$ 1,436,856,667	\$ 1,375,525,014
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 1,157,828,496	\$ 1,102,830,540	\$ 985,478,910
Actual Return on Plan Assets	145,712,869	(3,617,289)	143,687,070
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	-	157,300,000	76,287,000
Participant Contributions	-	-	-
Benefits Paid	(96,948,945)	(98,684,755)	(102,622,440)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	18,950,984	-	-
Fair Value of Plan Assets at End of Year	\$ 1,225,543,404	\$ 1,157,828,496	\$ 1,102,830,540
Funded Status	\$ (306,557,498)	\$ (279,028,171)	\$ (272,694,474)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	(306,557,498)	(279,028,171)	(272,694,474)
Net Amount Recognized at End of Year	\$ (306,557,498)	\$ (279,028,171)	\$ (272,694,474)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	6,326,934	8,193,198	10,190,324
Net Actuarial (Gain)/Loss	639,202,763	638,479,263	494,729,134
	\$ 645,529,697	\$ 646,672,461	\$ 504,919,458

¹ 2012 includes Subsidiary and Kokomo Union.

NiSource Inc.
Disclosure under ASC 715 - Qualified Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 16,016,168	\$ 15,886,914	\$ 17,617,757
Interest Cost	63,396,357	66,268,751	70,797,427
Expected Return on Plan Assets	(91,229,740)	(94,450,172)	(83,932,198)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	1,997,126	1,997,126	2,657,165
Recognized Actuarial (Gain)/Loss	43,981,653	32,178,075	36,031,954
Net Periodic Benefit Cost	\$ 34,161,564	\$ 21,880,694	\$ 43,172,105
One-Time Charge	-	-	-
Total Net Pension Cost	\$ 34,161,564	\$ 21,880,694	\$ 43,172,105
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	34,750,177	175,928,204	3,570,498
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(1,997,126)	(1,997,126)	(2,657,165)
Less: Amortization of Net Actuarial (Gain)/Loss	(43,981,653)	(32,178,075)	(36,031,954)
Transfers to NiSource Plan	10,085,838	-	-
Total Recognized in Other Comprehensive Income	\$ (1,142,764)	\$ 141,753,003	\$ (35,118,621)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 33,018,800	\$ 163,633,697	\$ 8,053,484

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$41,046,678, \$2,013,695, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.83%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 240,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 125,800,000
2014	124,450,000
2015	118,400,000
2016	117,750,000
2017	114,600,000
2018 - 2022	507,800,000

Columbia Energy Group
Disclosure under ASC 715 - Qualified Pension Plan

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accumulated Benefit Obligation at End of Year	\$ 1,082,022,870	\$ 934,096,172	\$ 910,710,985
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 948,253,757	\$ 935,141,869	\$ 868,304,406
Service Cost	17,464,086	17,557,966	17,706,958
Interest Cost	41,791,173	45,185,843	46,375,584
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(80,233,174)	(85,072,513)	(70,151,744)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	154,747,028	35,440,592	72,906,665
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 1,082,022,870	\$ 948,253,757	\$ 935,141,869
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 819,930,510	\$ 705,222,044	\$ 607,754,517
Actual Return on Plan Assets	102,358,333	(4,019,021)	88,719,271
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	-	203,800,000	78,900,000
Participant Contributions	-	-	-
Benefits Paid	(80,233,174)	(85,072,513)	(70,151,744)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ 842,055,669	\$ 819,930,510	\$ 705,222,044
Funded Status	\$ (239,967,201)	\$ (128,323,247)	\$ (229,919,825)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	(239,967,201)	(128,323,247)	(229,919,825)
Net Amount Recognized at End of Year	\$ (239,967,201)	\$ (128,323,247)	\$ (229,919,825)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	(16,872,177)	(19,592,090)	(22,312,003)
Net Actuarial (Gain)/Loss	481,498,881	396,027,334	311,848,873
	\$ 464,626,704	\$ 376,435,244	\$ 289,536,870

Columbia Energy Group
Disclosure under ASC 715 - Qualified Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 17,464,086	\$ 17,557,966	\$ 17,706,958
Interest Cost	41,791,173	45,185,843	46,375,584
Expected Return on Plan Assets	(64,754,982)	(64,160,939)	(52,458,516)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	(2,719,913)	(2,719,913)	(2,719,913)
Recognized Actuarial (Gain)/Loss	31,672,130	19,442,091	17,687,561
Net Periodic Benefit Cost	\$ 23,452,494	\$ 15,305,048	\$ 26,591,674
One-Time Charge	-	-	-
Total Net Pension Cost	\$ 23,452,494	\$ 15,305,048	\$ 26,591,674
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	117,143,677	103,620,552	36,645,910
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	2,719,913	2,719,913	2,719,913
Less: Amortization of Net Actuarial (Gain)/Loss	(31,672,130)	(19,442,091)	(17,687,561)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 88,191,460	\$ 86,898,374	\$ 21,678,262
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 111,643,954	\$ 102,203,422	\$ 48,269,936

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$37,218,005, \$(2,719,913), and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.36%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 0

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 87,450,000
2014	89,950,000
2015	91,200,000
2016	99,450,000
2017	101,450,000
2018 - 2022	473,200,000

Bay State Gas Company
Disclosure under ASC 715 - Nonunion Qualified Pension Plan

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 46,498,138	\$ 44,834,310	\$ 43,240,635
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 45,154,731	\$ 43,761,440	\$ 42,814,616
Service Cost	773,124	774,035	852,608
Interest Cost	1,813,046	2,096,822	2,281,905
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	588,018	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(5,777,937)	(3,814,622)	(3,383,645)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	3,947,156	2,337,056	1,195,956
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 46,498,138	\$ 45,154,731	\$ 43,761,440
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 39,180,595	\$ 33,544,516	\$ 32,531,081
Actual Return on Plan Assets	4,747,413	(149,299)	4,397,080
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	-	9,600,000	-
Participant Contributions	-	-	-
Benefits Paid	(5,777,937)	(3,814,622)	(3,383,645)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ 38,150,071	\$ 39,180,595	\$ 33,544,516
Funded Status	\$ (8,348,067)	\$ (5,974,136)	\$ (10,216,924)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	(8,348,067)	(5,974,136)	(10,216,924)
Net Amount Recognized at End of Year	\$ (8,348,067)	\$ (5,974,136)	\$ (10,216,924)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	(22,519)	(26,001)	(29,483)
Net Actuarial (Gain)/Loss	20,391,211	21,289,371	17,040,272
	\$ 20,368,692	\$ 21,263,370	\$ 17,010,789

Bay State Gas Company
Disclosure under ASC 715 - Nonunion Qualified Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 773,124	\$ 774,035	\$ 852,608
Interest Cost	1,813,046	2,096,822	2,281,905
Expected Return on Plan Assets	(3,017,168)	(3,057,645)	(2,704,282)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	(3,482)	(3,482)	(3,482)
Recognized Actuarial (Gain)/Loss	1,825,506	1,294,901	1,416,202
Net Periodic Benefit Cost	\$ 1,391,026	\$ 1,104,631	\$ 1,842,951
One-Time Charge	1,877,583	-	-
Total Net Pension Cost	\$ 3,268,609	\$ 1,104,631	\$ 1,842,951
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	2,804,929	5,544,000	(496,842)
Less: (Gain)/Loss Recognized in One-Time Charge	(1,877,583)	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	3,482	3,482	3,482
Less: Amortization of Net Actuarial (Gain)/Loss	(1,825,506)	(1,294,901)	(1,416,202)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ (894,678)	\$ 4,252,581	\$ (1,909,562)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 2,373,931	\$ 5,357,212	\$ (66,611)

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$1,631,233, \$(3,482), and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.33%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate ¹	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 0

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 5,200,000
2014	4,500,000
2015	4,550,000
2016	3,800,000
2017	4,200,000
2018 - 2022	18,150,000

¹ The plan was remeasured using a discount rate of 3.39% as of August 31, 2012 due to a settlement.

Bay State Gas Company
Disclosure under ASC 715 - Union Qualified Pension Plan

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 88,361,389	\$ 68,147,627	\$ 63,661,856
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 71,215,201	\$ 67,408,714	\$ 61,932,649
Service Cost	2,499,889	2,400,509	2,196,102
Interest Cost	3,133,299	3,242,936	3,303,649
Participant Contributions	-	-	-
Plan Amendments	1,132,922	106,551	465,161
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(5,279,076)	(5,106,738)	(3,622,205)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	17,212,914	3,163,229	3,133,358
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 89,915,149	\$ 71,215,201	\$ 67,408,714
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 53,852,830	\$ 44,808,229	\$ 42,528,659
Actual Return on Plan Assets	6,673,117	(348,661)	5,901,775
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	-	14,500,000	-
Participant Contributions	-	-	-
Benefits Paid	(5,279,076)	(5,106,738)	(3,622,205)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ 55,246,871	\$ 53,852,830	\$ 44,808,229
Funded Status	\$ (34,668,278)	\$ (17,362,371)	\$ (22,600,485)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	(34,668,278)	(17,362,371)	(22,600,485)
Net Amount Recognized at End of Year	\$ (34,668,278)	\$ (17,362,371)	\$ (22,600,485)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	5,310,386	4,985,430	5,694,566
Net Actuarial (Gain)/Loss	47,810,221	35,497,866	29,727,113
	\$ 53,120,607	\$ 40,483,296	\$ 35,421,679

Bay State Gas Company
Disclosure under ASC 715 - Union Qualified Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 2,499,889	\$ 2,400,509	\$ 2,196,102
Interest Cost	3,133,299	3,242,936	3,303,649
Expected Return on Plan Assets	(4,212,485)	(4,121,605)	(3,525,458)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	807,966	815,687	790,746
Recognized Actuarial (Gain)/Loss	2,439,927	1,862,742	1,906,009
Net Periodic Benefit Cost	\$ 4,668,596	\$ 4,200,269	\$ 4,671,048
One-Time Charge	-	-	-
Total Net Pension Cost	\$ 4,668,596	\$ 4,200,269	\$ 4,671,048
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ 1,132,922	\$ 106,551	\$ 465,161
Net Actuarial (Gain)/Loss	14,752,282	7,633,495	757,041
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(807,966)	(815,687)	(790,746)
Less: Amortization of Net Actuarial (Gain)/Loss	(2,439,927)	(1,862,742)	(1,906,009)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 12,637,311	\$ 5,061,617	\$ (1,474,553)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 17,305,907	\$ 9,261,886	\$ 3,196,495

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$3,334,940, \$856,214, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.60%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 7,750,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 7,750,000
2014	7,500,000
2015	7,100,000
2016	7,250,000
2017	7,800,000
2018 - 2022	34,900,000

NiSource Inc.
Disclosure under ASC 715 - Subsidiary Qualified Pension Plan

	2012	2011	2010
Accumulated Benefit Obligation at End of Year¹	\$ -	\$ 14,166,655	\$ 13,312,383
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 14,371,636	\$ 13,541,659	\$ 12,485,156
Service Cost	221,054	232,771	311,151
Interest Cost	637,405	653,833	669,241
Participant Contributions	-	-	-
Plan Amendments	-	100,051	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(918,496)	(879,200)	(1,211,271)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	1,368,364	722,522	1,287,382
Transfers to NiSource Plan	(15,679,963)	-	-
Benefit Obligation at End of Year	\$ -	\$ 14,371,636	\$ 13,541,659
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 12,292,368	\$ 9,706,827	\$ 9,768,566
Actual Return on Plan Assets	1,520,352	(155,259)	1,149,532
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	-	3,620,000	-
Participant Contributions	-	-	-
Benefits Paid	(918,496)	(879,200)	(1,211,271)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	(12,894,224)	-	-
Fair Value of Plan Assets at End of Year	\$ -	\$ 12,292,368	\$ 9,706,827
Funded Status	\$ -	\$ (2,079,268)	\$ (3,834,832)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	-	(2,079,268)	(3,834,832)
Net Amount Recognized at End of Year	\$ -	\$ (2,079,268)	\$ (3,834,832)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	-	147,088	54,452
Net Actuarial (Gain)/Loss	-	6,418,200	4,954,611
	\$ -	\$ 6,565,288	\$ 5,009,063

¹ 2012 included in NiSource.

NiSource Inc.
Disclosure under ASC 715 - Subsidiary Qualified Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 221,054	\$ 232,771	\$ 311,151
Interest Cost	637,405	653,833	669,241
Expected Return on Plan Assets	(977,522)	(898,347)	(819,312)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	16,535	7,415	7,415
Recognized Actuarial (Gain)/Loss	454,060	312,539	263,308
Net Periodic Benefit Cost	\$ 351,532	\$ 308,211	\$ 431,803
One-Time Charge	-	-	-
Total Net Pension Cost	\$ 351,532	\$ 308,211	\$ 431,803
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ 100,051	\$ -
Net Actuarial (Gain)/Loss	825,534	1,776,128	957,162
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(16,535)	(7,415)	(7,415)
Less: Amortization of Net Actuarial (Gain)/Loss	(454,060)	(312,539)	(263,308)
Transfers to NiSource Plan	(6,920,227)	-	-
Total Recognized in Other Comprehensive Income	\$ (6,565,288)	\$ 1,556,225	\$ 686,439
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ (6,213,756)	\$ 1,864,436	\$ 1,118,242

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$0, \$0, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.50%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 0

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 0
2014	0
2015	0
2016	0
2017	0
2018 - 2022	0

NiSource Inc.
Disclosure under ASC 715 - Kokomo Union Pension Plan

	2012	2011	2010
Accumulated Benefit Obligation at End of Year¹	\$ -	\$ 5,473,340	\$ 5,015,240
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 6,391,777	\$ 5,939,268	\$ 5,253,401
Service Cost	222,485	200,156	171,732
Interest Cost	286,432	290,213	281,620
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailement (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(43,380)	(518,445)	(33,211)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	1,010,072	480,585	265,726
Transfers to NiSource Plan	(7,867,386)	-	-
Benefit Obligation at End of Year	\$ -	\$ 6,391,777	\$ 5,939,268
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ 4,691,660	\$ 3,941,869	\$ 3,480,938
Actual Return on Plan Assets	598,480	(31,764)	294,142
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	810,000	1,300,000	200,000
Participant Contributions	-	-	-
Benefits Paid	(43,380)	(518,445)	(33,211)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	(6,056,760)	-	-
Fair Value of Plan Assets at End of Year	\$ -	\$ 4,691,660	\$ 3,941,869
Funded Status	\$ -	\$ (1,700,117)	\$ (1,997,399)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	-	-	-
Noncurrent Liabilities	-	(1,700,117)	(1,997,399)
Net Amount Recognized at End of Year	\$ -	\$ (1,700,117)	\$ (1,997,399)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	-	343	4,426
Net Actuarial (Gain)/Loss	-	2,544,551	1,763,874
	\$ -	\$ 2,544,894	\$ 1,768,300

¹ 2012 included in NiSource.

NiSource Inc.
Disclosure under ASC 715 - Kokomo Union Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 222,485	\$ 200,156	\$ 171,732
Interest Cost	286,432	290,213	281,620
Expected Return on Plan Assets	(375,713)	(366,643)	(290,400)
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	34	4,083	7,140
Recognized Actuarial (Gain)/Loss	166,554	98,315	87,583
Net Periodic Benefit Cost	\$ 299,792	\$ 226,124	\$ 257,675
One-Time Charge	-	-	-
Total Net Pension Cost	\$ 299,792	\$ 226,124	\$ 257,675
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	787,305	878,992	261,984
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(34)	(4,083)	(7,140)
Less: Amortization of Net Actuarial (Gain)/Loss	(166,554)	(98,315)	(87,583)
Transfers to NiSource Plan	(3,165,611)	-	-
Total Recognized in Other Comprehensive Income	\$ (2,544,894)	\$ 776,594	\$ 167,261
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ (2,245,102)	\$ 1,002,718	\$ 424,936

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$0, \$0, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	4.03%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	8.30%	8.75%	8.75%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 0

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 0
2014	0
2015	0
2016	0
2017	0
2018 - 2022	0

NiSource Inc.
Disclosure under ASC 715 - Nonqualified Plan Total

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 41,372,002	\$ 38,394,682	\$ 37,044,010
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 38,446,849	\$ 37,093,864	\$ 38,814,299
Service Cost	539,997	486,831	306,232
Interest Cost	1,693,345	1,772,443	1,997,044
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(2,908,882)	(3,406,582)	(6,393,073)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	3,650,218	2,500,293	2,369,362
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 41,421,527	\$ 38,446,849	\$ 37,093,864
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ -	\$ -	\$ -
Actual Return on Plan Assets	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	2,908,882	3,406,582	6,393,073
Participant Contributions	-	-	-
Benefits Paid	(2,908,882)	(3,406,582)	(6,393,073)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ -	\$ -	\$ -
Funded Status	\$ (41,421,527)	\$ (38,446,849)	\$ (37,093,864)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	(3,350,000)	(3,270,000)	(3,290,000)
Noncurrent Liabilities	(38,071,527)	(35,176,849)	(33,803,864)
Net Amount Recognized at End of Year	\$ (41,421,527)	\$ (38,446,849)	\$ (37,093,864)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	153,973	259,683	365,393
Net Actuarial (Gain)/Loss	16,295,959	13,323,962	11,340,581
	\$ 16,449,932	\$ 13,583,645	\$ 11,705,974

NiSource Inc.
Disclosure under ASC 715 - Nonqualified Plan Total

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 539,997	\$ 486,831	\$ 306,232
Interest Cost	1,693,345	1,772,443	1,997,044
Expected Return on Plan Assets	-	-	-
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	105,710	105,710	1,257,553
Recognized Actuarial (Gain)/Loss	678,221	516,912	422,194
Net Periodic Benefit Cost	\$ 3,017,273	\$ 2,881,896	\$ 3,983,023
One-Time Charge	-	-	1,381,499
Total Net Pension Cost	\$ 3,017,273	\$ 2,881,896	\$ 5,364,522
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	3,650,218	2,500,293	2,369,362
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	(1,154,036)
Less: Prior Service Cost Recognized in One-Time Charge	-	-	(227,463)
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(105,710)	(105,710)	(1,257,553)
Less: Amortization of Net Actuarial (Gain)/Loss	(678,221)	(516,912)	(422,194)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 2,866,287	\$ 1,877,671	\$ (691,884)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 5,883,560	\$ 4,759,567	\$ 4,672,638

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$876,741, \$105,710, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations¹

Discount Rate	3.53%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost¹

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	N/A	N/A	N/A
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 3,350,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 3,350,000
2014	3,530,000
2015	3,450,000
2016	3,780,000
2017	3,310,000
2018 - 2022	16,270,000

¹ Assumptions may vary by plan; the assumptions used for each plan can be found on their respective pages.

NiSource Inc.
Disclosure under ASC 715 - Nonqualified SERP

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 28,655,972	\$ 27,188,427	\$ 26,871,430
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 27,188,427	\$ 26,871,430	\$ 28,649,152
Service Cost	-	-	(42,676)
Interest Cost	1,196,618	1,282,322	1,499,908
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(2,216,038)	(2,321,004)	(4,275,032)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	2,486,965	1,355,679	1,040,078
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 28,655,972	\$ 27,188,427	\$ 26,871,430
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ -	\$ -	\$ -
Actual Return on Plan Assets	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	2,216,038	2,321,004	4,275,032
Participant Contributions	-	-	-
Benefits Paid	(2,216,038)	(2,321,004)	(4,275,032)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ -	\$ -	\$ -
Funded Status	\$ (28,655,972)	\$ (27,188,427)	\$ (26,871,430)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	(2,350,000)	(2,350,000)	(2,450,000)
Noncurrent Liabilities	(26,305,972)	(24,838,427)	(24,421,430)
Net Amount Recognized at End of Year	\$ (28,655,972)	\$ (27,188,427)	\$ (26,871,430)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	-	-	-
Net Actuarial (Gain)/Loss	11,064,141	8,916,593	7,848,622
	\$ 11,064,141	\$ 8,916,593	\$ 7,848,622

NiSource Inc.
Disclosure under ASC 715 - Nonqualified SERP

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ -	\$ -	\$ (42,676)
Interest Cost	1,196,618	1,282,322	1,499,908
Expected Return on Plan Assets	-	-	-
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	-	-	1,151,843
Recognized Actuarial (Gain)/Loss	339,417	287,708	251,622
Net Periodic Benefit Cost	\$ 1,536,035	\$ 1,570,030	\$ 2,860,697
One-Time Charge	-	-	808,004
Total Net Pension Cost	\$ 1,536,035	\$ 1,570,030	\$ 3,668,701
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	2,486,965	1,355,679	1,040,078
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	(580,541)
Less: Prior Service Cost Recognized in One-Time Charge	-	-	(227,463)
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	-	-	(1,151,843)
Less: Amortization of Net Actuarial (Gain)/Loss	(339,417)	(287,708)	(251,622)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 2,147,548	\$ 1,067,971	\$ (1,171,391)
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 3,683,583	\$ 2,638,001	\$ 2,497,310

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$468,221, \$0, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.64%	4.60%	5.00%
Rate of Compensation Increases	N/A	N/A	4.50%

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	N/A	N/A	N/A
Rate of Compensation Increases	N/A	N/A	4.50%

Expected Contributions for Fiscal 2013 \$ 2,350,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 2,350,000
2014	2,250,000
2015	2,200,000
2016	2,150,000
2017	2,150,000
2018 - 2022	9,950,000

NiSource Inc.
Disclosure under ASC 715 - Nonqualified Restoration Plan

	2012	2011	2010
Accumulated Benefit Obligation at End of Year	\$ 9,652,201	\$ 8,296,516	\$ 7,247,532
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 8,348,683	\$ 7,297,386	\$ 7,260,807
Service Cost	539,997	486,831	348,908
Interest Cost	369,779	351,369	344,633
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(391,595)	(783,298)	(1,811,590)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	834,862	996,395	1,154,628
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 9,701,726	\$ 8,348,683	\$ 7,297,386
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ -	\$ -	\$ -
Actual Return on Plan Assets	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	391,595	783,298	1,811,590
Participant Contributions	-	-	-
Benefits Paid	(391,595)	(783,298)	(1,811,590)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ -	\$ -	\$ -
Funded Status	\$ (9,701,726)	\$ (8,348,683)	\$ (7,297,386)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	(700,000)	(620,000)	(540,000)
Noncurrent Liabilities	(9,001,726)	(7,728,683)	(6,757,386)
Net Amount Recognized at End of Year	\$ (9,701,726)	\$ (8,348,683)	\$ (7,297,386)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	153,973	259,683	365,393
Net Actuarial (Gain)/Loss	3,842,202	3,276,877	2,447,768
	\$ 3,996,175	\$ 3,536,560	\$ 2,813,161

NiSource Inc.
Disclosure under ASC 715 - Nonqualified Restoration Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ 539,997	\$ 486,831	\$ 348,908
Interest Cost	369,779	351,369	344,633
Expected Return on Plan Assets	-	-	-
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	105,710	105,710	105,710
Recognized Actuarial (Gain)/Loss	269,537	167,286	120,821
Net Periodic Benefit Cost	\$ 1,285,023	\$ 1,111,196	\$ 920,072
One-Time Charge	-	-	573,495
Total Net Pension Cost	\$ 1,285,023	\$ 1,111,196	\$ 1,493,567
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	834,862	996,395	1,154,628
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	(573,495)
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	(105,710)	(105,710)	(105,710)
Less: Amortization of Net Actuarial (Gain)/Loss	(269,537)	(167,286)	(120,821)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 459,615	\$ 723,399	\$ 354,602
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 1,744,638	\$ 1,834,595	\$ 1,848,169

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$314,571, \$105,710, and \$0, respectively.

Weighted-Average Assumptions to

Determine Benefit Obligations

Discount Rate	3.25%	4.60%	5.00%
Rate of Compensation Increases	4.00%	4.00%	4.00%

Weighted-Average Assumptions to

Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	N/A	N/A	N/A
Rate of Compensation Increases	4.00%	4.00%	4.00%

Expected Contributions for Fiscal 2013 \$ 700,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 700,000
2014	990,000
2015	970,000
2016	1,360,000
2017	900,000
2018 - 2022	5,190,000

Bay State Gas Company
Disclosure under ASC 715 - Nonqualified Pension Plan

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accumulated Benefit Obligation at End of Year	\$ 3,063,829	\$ 2,909,739	\$ 2,925,048
Change in Projected Benefit Obligation			
Benefit Obligation at Beginning of Year	\$ 2,909,739	\$ 2,925,048	\$ 2,904,340
Service Cost	-	-	-
Interest Cost	126,948	138,752	152,503
Participant Contributions	-	-	-
Plan Amendments	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Curtailment (Gain)/Loss	-	-	-
Settlement (Gain)/Loss	-	-	-
Special Termination Benefits	-	-	-
Benefits Paid	(301,249)	(302,280)	(306,451)
Settlement Payments	-	-	-
Actuarial (Gain)/Loss	328,391	148,219	174,656
Transfers to NiSource Plan	-	-	-
Benefit Obligation at End of Year	\$ 3,063,829	\$ 2,909,739	\$ 2,925,048
Change in Plan Assets			
Fair Value of Plan Assets at Beginning of Year	\$ -	\$ -	\$ -
Actual Return on Plan Assets	-	-	-
Plan Merger	-	-	-
Divestitures	-	-	-
Employer Contributions	301,249	302,280	306,451
Participant Contributions	-	-	-
Benefits Paid	(301,249)	(302,280)	(306,451)
Settlement Payments	-	-	-
Administrative Expenses	-	-	-
Transfers to NiSource Plan	-	-	-
Fair Value of Plan Assets at End of Year	\$ -	\$ -	\$ -
Funded Status	\$ (3,063,829)	\$ (2,909,739)	\$ (2,925,048)
Amounts Recognized in the Statement of Financial Position Consist of:			
Noncurrent Assets	\$ -	\$ -	\$ -
Current Liabilities	(300,000)	(300,000)	(300,000)
Noncurrent Liabilities	(2,763,829)	(2,609,739)	(2,625,048)
Net Amount Recognized at End of Year	\$ (3,063,829)	\$ (2,909,739)	\$ (2,925,048)
Measurement Date	12/31/2012	12/31/2011	12/31/2010
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ -	\$ -	\$ -
Prior Service Cost	-	-	-
Net Actuarial (Gain)/Loss	1,389,616	1,130,492	1,044,191
	\$ 1,389,616	\$ 1,130,492	\$ 1,044,191

Bay State Gas Company
Disclosure under ASC 715 - Nonqualified Pension Plan

	2012	2011	2010
Components of Net Periodic Benefit Cost			
Service Cost	\$ -	\$ -	\$ -
Interest Cost	126,948	138,752	152,503
Expected Return on Plan Assets	-	-	-
Amortization of Transitional (Asset)/Obligation	-	-	-
Amortization of Prior Service Cost	-	-	-
Recognized Actuarial (Gain)/Loss	69,267	61,918	49,751
Net Periodic Benefit Cost	\$ 196,215	\$ 200,670	\$ 202,254
One-Time Charge	-	-	-
Total Net Pension Cost	\$ 196,215	\$ 200,670	\$ 202,254
Other Changes in Plan Assets and Projected Benefit			
Benefit Obligation Recognized in Other Comprehensive Income			
Prior Service Cost/(Credit)	\$ -	\$ -	\$ -
Net Actuarial (Gain)/Loss	328,391	148,219	174,656
Less: (Gain)/Loss Recognized in One-Time Charge	-	-	-
Less: Prior Service Cost Recognized in One-Time Charge	-	-	-
Less: Amortization of Transitional (Asset)/Obligation	-	-	-
Less: Amortization of Prior Service Cost	-	-	-
Less: Amortization of Net Actuarial (Gain)/Loss	(69,267)	(61,918)	(49,751)
Transfers to NiSource Plan	-	-	-
Total Recognized in Other Comprehensive Income	\$ 259,124	\$ 86,301	\$ 124,905
Total Recognized in Net Pension Cost and Other Comprehensive Income	\$ 455,339	\$ 286,971	\$ 327,159

The estimated net actuarial loss, prior service cost, and transition obligation for the defined benefit pension plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the 2013 fiscal year are \$93,949, \$0, and \$0, respectively.

Weighted-Average Assumptions to Determine Benefit Obligations

Discount Rate	3.32%	4.60%	5.00%
Rate of Compensation Increases	N/A	N/A	N/A

Weighted-Average Assumptions to Determine Net Periodic Benefit Cost

Discount Rate	4.60%	5.00%	5.54%
Expected Long-Term Rate of Return on Plan Assets	N/A	N/A	N/A
Rate of Compensation Increases	N/A	N/A	N/A

Expected Contributions for Fiscal 2013 \$ 300,000

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year(s)	Pension Benefits
2013	\$ 300,000
2014	290,000
2015	280,000
2016	270,000
2017	260,000
2018 - 2022	1,130,000



Supplemental Information

Plan Provisions

Summary of Retirement Plan Provisions

This section highlights the key retirement plan provisions reflected in the December 31, 2012 measurement. This is intended only as a summary. Accordingly, non-material provisions have been excluded, and material provisions have been generalized. This summary is not intended to alter or replace the provisions of the applicable plan documents. Reference should be made to the applicable plan documents for additional clarification and details.

NiSource Pension Plan ("NiSource Plan")

Effective date	January 1, 1945, restated effective January 1, 2013
Eligibility for participation	Exempt employees hired on or after January 1, 2010 and nonexempt nonunion employees hired on or after January 1, 2013 are not eligible for pension benefits. Any other person receiving remuneration for services rendered to Northern Indiana Public Service Company or certain other participating employers, and who is not covered by the NiSource Subsidiary Pension Plan or the Kokomo Union Pension Plan is eligible. Eligible employees participate on their date of hire.
Benefit Formula Eligibility Exempt participants	Employees hired prior to January 1, 2002 received the nonunion final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2006 received the account balance I benefit. Effective January 1, 2006, the plan was amended to allow all participants a one-time choice between their existing final average pay or account balance I benefit and the account balance II benefit, and employees hired between January 1, 2006 and January 1, 2010 received the account balance II benefit. Effective January 1, 2011, all participants were moved to the account balance II benefit. Employees hired after January 1, 2010 do not participate in the plan.

Nonexempt nonunion participants

Employees hired prior to January 1, 2002 received the nonunion final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2008 received the account balance I benefit. Effective January 1, 2008, the plan was amended to provide that employees hired after January 1, 2008 received the account balance II benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit. Employees hired after January 1, 2013 do not participate in the plan.

Union participants

Employees hired prior to June 1, 2004 received the union final average pay benefit. Effective June 1, 2004, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit. Employees hired on or after June 1, 2004 receive the account balance I benefit.

Normal retirement
 Eligibility

Later of age 65 and fifth anniversary of participation

Benefit
 Union Final Average Pay

The sum of (a) and (b):

- (a) 0.575% of final five-year average compensation times years of credited service (maximum 30 years)
- (b) Years of credited service times applicable job class monthly benefit rate times 12.

For employees terminating on or after January 1, 2007, the applicable job class benefit rate is the following:

Job Classification	Rate
A	\$23.96
B	\$29.56
C	\$35.19
D	\$40.80
E	\$46.44

Benefit is subject to a minimum of \$4,200 per year.

Nonunion Final Average Pay

The sum of (a) and (b):

- (a) 1.70% of final five-year average compensation times years of credited service (maximum 30 years)

(b) 0.60% of final five-year average compensation times years of credited service over 30 years

Benefit is subject to a minimum of \$4,200 per year.

Account Balance I

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 45	5.0%	2.0%
45 – 59	6.5%	2.0%
60 – 74	8.0%	2.0%
75 or more	10.0%	2.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Early Retirement
 Eligibility

Age 55 and 10 years of service

Benefit

Union and nonunion final
 average pay benefit

A benefit equal to the normal retirement benefit based on years of credited service and final five-year average compensation at the date of termination. If payments begin before age 65, the payments are reduced by 6% per year for the first five years and 4% per year for the next five years.

If a participant retires with 25 years of service, there is no reduction at ages 60-64, payments are reduced by 6% at 59, and by 4% per year for each of the next four years. No reductions apply if a union participant retires with 85 age plus service points.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Temporary supplemental benefit

Final average pay participants (and nonunion account balance I participants hired before January 1, 2002) retiring after age 60 with 25 years of service will receive a supplemental benefit until age 65 equal to the following:

Union participants: The amount varies depending on job classification according to the following table. Union participants may receive a reduced benefit prior to age 60 if retiring with 85 points.

Job Classification	Benefit
A	\$ 9,720
B	\$ 10,020
C	\$ 10,440
D	\$ 10,440
E	\$ 10,440

Nonunion participants: 80% of the maximum Social Security benefit payable to someone age 65, rounded to the next highest multiple of \$10. This benefit was frozen at its current level as of January 1, 2004 and is not available to employees who first become participants after January 1, 2002.

Account Balance II participants are not eligible for a supplement.

Vested termination
 Eligibility

Three years of service

Benefit

Final average pay benefit

A monthly benefit equal to the normal retirement benefit based on five-year average compensation and credited service at the date of termination, subject to a minimum of \$25 per month for each year of service up to 10 years. Payments may begin after the eligibility requirements for early retirement have been satisfied. Vested termination benefits that begin before normal retirement will be reduced based on the early retirement factors for a retiree with less than 25 years.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Disability retirement
 Eligibility

Union participants

15 years of service (3 years if injured on the job)

Nonunion participants

Three years of service and disabled due to injury on the job

Benefit

Final average pay participants

A monthly benefit payable immediately based on five-year average compensation and credited service at the date of disability (or 25 years if greater and injury is on the job)

Account balance participants

The participant is entitled to their entire vested cash balance upon disability.

Other disability benefits
 Eligibility

Nonunion participants

Qualification for benefits under the employer's long-term disability plan

Benefit	
Final average pay benefit	Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.
Account balance benefit	Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.
Preretirement death Eligibility	Three years of service
Benefit	
Final average pay participants	50% of normal retirement benefit as of the participant's date of death, reduced for 50% joint and survivor annuity, and reduced for payment at the participant's earliest retirement eligibility. Benefit payable only to eligible spouse.
Account balance participants	A life annuity actuarially equivalent to the account balance as of the date of death (non-spouse beneficiaries must receive as a lump sum and spousal-beneficiaries may elect to receive as a lump sum.)
Normal form of payment	
Without spouse	Life annuity
With spouse	50% joint and survivor annuity. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. For any union participants and for any account balance II participants, if the spouse dies before participant and within 60 months after the annuity start date, benefit increases to life annuity value.
Optional forms of payment	
Final average pay participants	Life annuity; 100% or 75% joint and survivor annuity (if union, available only if married); 50% joint and survivor annuity (nonunion only)
Account balance participants	Lump sum; life annuity; 100%, 75%, 66 2/3%, 50% pop-up, 33 1/3% joint and survivor annuity; 5 or 10 year certain and life annuity.
Actuarial equivalence	Factors as provided in the plan document

Definitions

Credited service

Employees earn credited service from the day of hire through the date of termination. Union employees earn an hour of service for each hour paid or entitled to payment.

Compensation

Final average pay participants

Form W-2 compensation, including overtime, banked vacation, lump sum merit pay, and bonuses, before any reductions under IRC sections 125 and 401(k), excluding bonuses of salaried employees in excess of 50% of base pay and other exclusions specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Account balance participants

Base salary or wages including shift differential (included for Account Balance I participants only), performance-based pay, banked vacation, lump sum merit pay, and commissions, before any reductions under IRC sections 125 and 401(k), but excluding overtime and other exclusions specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Five-year average compensation

Union participants

Highest average annual compensation for any five consecutive calendar years; for participants retiring on or after age 65, shall not be less than the average for the 60 consecutive months immediately preceding normal retirement date

Nonunion participants

Highest average annual compensation for any 60 consecutive calendar months within the last 120 months of employment

Columbia Energy Group Pension Plan ("Columbia Plan")

Effective date	January 1, 1943, restated effective January 1, 2013
Eligibility for participation	Exempt employees hired on or after January 1, 2010 and nonexempt employees hired on or after January 1, 2013 are not eligible for pension benefits. All other employees of the Columbia Energy Group are eligible. Eligible employees participate on their date of hire.
Benefit Formula Eligibility Exempt participants	Employees hired prior to January 1, 2000 received the final average pay benefit. Effective January 1, 2000, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2000 and January 1, 2006 received the account balance I benefit. Effective January 1, 2006, the plan was amended to allow all participants a one-time choice between their existing final average pay or account balance I benefit and the account balance II benefit, and employees hired between January 1, 2006 and January 1, 2010 received the account balance II benefit. Effective January 1, 2011, all participants were moved to the account balance II benefit. Employees hired after January 1, 2010 do not participate in the plan.
Nonexempt participants	Employees hired prior to January 1, 2000 received the final average pay benefit. Effective January 1, 2000 (January 1, 2004 for some union participants), the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2000 (January 1, 2004 for some union participants) and January 1, 2008 received the account balance I benefit. Effective January 1, 2008, the plan was amended to provide that employees hired after January 1, 2008 received the account balance II benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit. Employees hired after January 1, 2013 do not participate in the plan.

Normal retirement

Eligibility

Later of Social Security normal retirement age and fifth anniversary of participation

Benefit

Final average pay benefit

The sum of (a), (b), and (c):

- (a) 1.15% of final three-year average compensation up to one-half of the Social Security wage base times years of credited service (maximum 30 years)
- (b) 1.50% of final three-year average compensation in excess of one-half of the Social Security wage base times years of credited service (maximum 30 years)
- (c) 0.50% of final three-year average compensation times years of credited service over 30 (maximum 10 years)

Account Balance I benefit

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 45	5.0%	2.0%
45 – 59	6.5%	2.0%
60 – 74	8.0%	2.0%
75 or more	10.0%	2.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II benefit

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior benefits are guaranteed as minimum benefits.

Early retirement
 Eligibility

Age 55 and 10 years of service, or age 60 and 5 years of service

Benefit

Final average pay benefit

A benefit equal to the normal retirement benefit based on years of credited service and final three-year average compensation at the date of termination. If payments begin more than three years prior to Social Security normal retirement age, the payments are reduced by 3% per year.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Temporary supplemental benefit

Final average pay benefit participants who retire before age 62 receive a temporary supplemental benefit of \$5,760 per year until age 62, reduced pro rata for service less than 30 years.

Vested termination	
Eligibility	Three years of service
Benefit	
Final average pay benefit	A monthly benefit equal to the normal retirement benefit based on three-year average compensation and credited service at the date of termination. Payments may begin after the eligibility requirements for early retirement have been satisfied. Vested termination benefits that begin before normal retirement will be reduced based on the early retirement factors.
Account balance benefit	The participant is always entitled to their vested cash balance at termination or retirement.
Disability	
Eligibility	Qualification for benefits under the employer's long-term disability plan
Benefit	
Final average pay benefit	Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.
Account balance benefit	Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.
Preretirement death	
Eligibility	Three years of service
Benefit	
Final average pay participants	75% of normal retirement benefit as of the participant's date of death, reduced by .25% for each full month in excess of 60 months by which the participant's age exceeded the spouse's age. If no surviving spouse, payment divided among surviving children under age 21.
Account balance participants	A life annuity actuarially equivalent to the account balance as of the date of death (non-spouse beneficiaries must receive as a lump sum and spousal-beneficiaries may elect to receive as a lump sum.).

Normal form of payment	
Without spouse	Life annuity
With spouse	50% joint and survivor annuity actuarially equivalent to the retirement benefit payable for employee's lifetime. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. If the spouse dies before participant and within 60 months after the annuity start date, benefit increases to life annuity value.
Optional forms of payment	Life annuity; 100%, 75%, 66 2/3%, 50% pop-up, or 33 1/3% joint and survivor annuity; lump sum. Account balance participants may also select a 5 or 10 year certain and life annuity.
Actuarial equivalence	
Mortality	1983 Group Annuity Mortality Table, set back one year for participants and five years for beneficiaries
Interest	8% per year
Definitions	
Service	Participants generally earn one month of credited service for each calendar month in which he/she is credited with at least one hour of service.
Compensation	
Final average pay participants	Base pay or wages, including commissions, before any reductions under IRC sections 125 and 401(k), excluding overtime, performance-based pay, and other exclusions specified in the plan document, but including banked vacation and lump sum merit pay. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).
Account balance participants	For purposes of determining a participant's pay credits, compensation also includes performance-based pay.
Three-year average compensation	Highest average annual compensation for any 36 months during the last 60 months of service

Bay State Gas Company Pension Plan ("Bay State Nonunion Plan")

Effective date	January 1, 1978, restated effective January 1, 2013
Eligibility for participation	Exempt employees hired on or after January 1, 2010 and nonunion nonexempt employees hired on or after January 1, 2013 are not eligible for pension benefits. All other nonunion employees of Bay State Gas Company and all Brockton Clerical/Technical bargaining unit employees are eligible. Eligible employees participate on their date of hire.
Benefit Formula Eligibility Exempt participants	Employees hired prior to January 1, 2002 received the nonunion final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2006 received the account balance I benefit. Effective January 1, 2006, the plan was amended to allow all participants a one-time choice between their existing final average pay or account balance I benefit and the account balance II benefit, and employees hired between January 1, 2006 and January 1, 2010 received the account balance II benefit. Effective January 1, 2011, all participants were moved to the account balance II benefit. Employees hired after January 1, 2010 do not participate in the plan.
Nonexempt nonunion participants	Employees hired prior to January 1, 2002 received the nonunion final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2008 received the account balance I benefit. Effective January 1, 2008, the plan was amended to provide that employees hired after January 1, 2008 received the account balance II benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit. Employees hired after January 1, 2013 do not participate in the plan.

Union participants

Employees hired prior to January 1, 2008 received the union final average pay benefit. Effective January 1, 2008, the plan was amended to provide that employees hired after January 1, 2008 receive the account balance II benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit.

Normal retirement
 Eligibility

Age 65

Benefit

Nonunion Final Average Pay

The sum of (a), (b), and (c):

- (a) 1.4% of final three-year average compensation times years of credited service (maximum 25 years)
- (b) 0.475% of final three-year average compensation in excess of covered compensation times credited service (maximum 25 years)
- (c) 0.50% of final three-year average compensation times credited service over 25 years

This benefit is reduced by certain previously accrued benefits, and is subject to a minimum benefit calculation, as provided in the plan document.

Union Final Average Pay

1.25% of final three-year average compensation (not greater than \$45,000) times credited service (maximum 45 years)

This benefit is subject to certain minimum benefit calculations, as provided in the plan document.

Account Balance I

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 45	5.0%	2.0%
45 – 59	6.5%	2.0%
60 – 74	8.0%	2.0%
75 or more	10.0%	2.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Early retirement
 Eligibility

Age 55 and 10 years of service, or age 60 and 5 years of service

Benefit

Final average pay benefit

A benefit equal to the normal retirement benefit based on years of credited service and final three-year average compensation at the date of termination. If payments begin before age 65, the payments are reduced by 3.6% per year. Reductions are applied beginning at age 62 if a participant retires with 25 years of service. A Brockton Clerical/Technical Union participant retiring at or after age 60 with 25 years of service receives an unreduced benefit.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Temporary supplemental benefit Final average pay option employees and account balance I option employees who were participants as of January 1, 2002 are eligible for a temporary supplemental benefit. Any participant retiring after age 60 with 5 years of service will receive a supplemental benefit until age 62 equal to 2.0% of three-year average compensation (up to covered compensation) times credited service (maximum 25 years), not to exceed 100% of the Social Security benefit that would be payable at age 62.

Account Balance II participants are not eligible for a supplement.

Vested termination
Eligibility

Three years of service

Benefit

Final average pay benefit

A monthly benefit equal to the normal retirement benefit based on three-year average compensation and credited service at the date of termination. Payments may begin at any time following termination from service. Vested termination benefits that begin before normal retirement will be reduced by 6 2/3% per year that payments would be paid from age 55 until normal retirement date, and reduced on an actuarial equivalent basis for payments that precede age 55, subject to a minimum benefit calculation.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Disability
Eligibility

Qualification for benefits under the employer's long-term disability plan

Benefit

Final average pay benefit

Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.

Account balance benefit

Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.

Preretirement death	
Eligibility	Three years of service
Benefit	
Final average pay participants	50% of normal retirement benefit as of the participant's date of death, reduced for 50% joint and survivor annuity, and reduced for payment at the participant's earliest retirement eligibility. Benefits payable only to eligible spouse
Account balance participants	A life annuity actuarially equivalent to the account balance as of the date of death (non-spouse beneficiaries must receive as a lump sum and spousal beneficiaries may elect to receive as a lump sum)
Normal form of payment	
Without spouse	Life annuity
With spouse	50% joint and survivor annuity. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. For Account Balance II participants, if the spouse dies before participant and within 60 months after the annuity start date, benefit increases to life annuity value.
Optional forms of payment	
Final average pay participants	Life annuity, lump sum, 5 or 10 year certain and life annuity, 50% pop-up joint and survivor annuity, 66 2/3%, 75%, or 100% joint and survivor annuity (only married participants may elect joint and survivor annuities);
Account balance participants	Life annuity, 100%, 75%, 66 2/3%, or 33 1/3% joint and survivor annuity, 50% pop-up joint and survivor annuity, 5 or 10 year certain and life annuity, or lump sum.
Actuarial equivalence	Factors as provided in the plan document

Definitions

Credited service

Participants earn one year of credited service for each year in which he/she completes at least 1,000 hours of service.

Compensation

Final average pay participants

Straight time wages plus commissions, overtime up to a limit of 20% of base pay, lump sum merit pay, banked vacation, and Supplementary Incentive Compensation up to a limit of 20% of base pay, before any reductions under Sections 125 and 401(k). Certain exclusions apply as provided in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Account balance participants

Base salary or wages including performance-based pay, commissions, lump sum merit pay, and banked vacation before any reductions under IRC sections 125 and 401(k), but excluding other special forms of compensation such as overtime or shift differentials. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Three-year average compensation

Highest average annual compensation for any 36 consecutive months during the last 120 months of employment

Covered compensation

35-year average of Social Security wage bases based on year-of-birth table.

Bay State Union Pension Plan ("Bay State Union Plan")

Effective date	January 1, 1981, restated effective January 1, 2013
Eligibility for participation	Springfield Clerical/Technical and Northampton employees hired on or after January 1, 2011 and Brockton Physical and Lawrence employees hired on or after January 1, 2013 are not eligible for pensions. All other bargaining unit employees of Bay State Gas Company except for Brockton Clerical/Technical are eligible. Eligible employees participate on their date of hire.
Benefit Formula Eligibility	
Brockton Physical and Lawrence participants	Employees hired prior to January 1, 2008 received the final average pay benefit. Employees hired between January 1, 2008 and January 1, 2013 receive the account balance II benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit. Employees hired after January 1, 2013 do not participate in the plan.
Springfield Clerical/ Technical participants	Employees hired prior to January 1, 2011 received the final average pay benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit. Employees hired after January 1, 2011 do not participate in the plan.
Northampton participants	Employees hired prior to January 1, 2011 received the final average pay benefit. Effective April 1, 2015, all participants will be moved to the account balance II benefit. Employees hired after January 1, 2011 do not participate in the plan.
Springfield Steel participants	All participants receive the final average pay benefit.

Normal retirement

Eligibility

Age 65

Benefit

Final average pay benefit

1.25% of three-year average compensation times credited service (maximum 45 years). Average compensation is limited to \$55,000 – \$75,000 per year, as shown in the following table:

Union	Highest 2012 Compensation Limit	Ultimate Compensation Limit
Brockton Physical	\$ 68,000	\$ 68,000
Lawrence	\$ 66,000	\$ 66,000
Northampton	\$ 70,000	\$ 70,000
Springfield Steel	\$ 75,000	\$ 75,000
Springfield Clerical/Technical	\$ 55,000	\$ 55,000

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II benefit

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.



Early retirement

Eligibility

Age 55 and 10 years of service

Benefit

Final average pay benefit

A benefit equal to the normal retirement benefit based on years of credited service and final three-year average compensation at the date of termination. If payments begin before age 65, the payments are reduced by 3.6% per year. Reductions are only applied from age 60 if a participant retires with 25 years of service.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Temporary supplemental benefit

Final average pay participants of all unions who retire after age 60 and satisfy early retirement eligibility will receive a supplemental benefit payable until age 62 equal to 2.0% of three-year average compensation (subject to compensation limits) times credited service (maximum 25 years), not to exceed 100% of the Social Security benefit that would be payable at age 62.

Vested termination

Eligibility

Three years of service

Benefit

Final average pay benefit

A monthly benefit equal to the normal retirement benefit based on three-year average compensation and credited service at the date of termination. Payments may begin at any time following termination of service. Vested termination benefits that begin before normal retirement will be reduced by 6 2/3% per year that payments would be paid from age 55 until normal retirement date, and reduced on an actuarial equivalence basis for payments that precede age 55. Certain minimum benefit calculations may apply.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Disability Eligibility	Qualification for benefits under the employer's long-term disability plan
Benefit Final average pay benefit	Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.
Account balance benefit	Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.
Preretirement death Eligibility	Three years of service
Benefit Final average pay benefit	50% of normal retirement benefit as of the participant's date of death, reduced for 50% joint and survivor annuity, and reduced for payment at the participant's earliest retirement eligibility. Benefits payable only to eligible spouse.
Account balance benefit	A life annuity actuarially equivalent to the account balance as of the date of death (non-spouse beneficiaries must receive as lump sum, and spousal beneficiaries may elect to receive as a lump sum)
Normal form of payment Without spouse	Life annuity
With spouse	50% joint and survivor annuity. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. For account balance participants, if the spouse dies before the participant and within 60 months after the annuity start date, the benefit increases to the life annuity value.
Optional forms of payment	
Final average pay participants	Life annuity, lump sum, 5 or 10 year certain and life annuity, 50% pop-up joint and survivor annuity, 66 2/3%, 75%, or 100% joint and survivor annuity (only married participants may elect joint and survivor annuities);
Account balance participants	Life annuity; lump sum, 100%, 75%, 66 2/3%, 50% with pop-up, or 33-1/3% joint and survivor annuity

Actuarial equivalence

Factors as provided in the plan document

Definitions

Credited service

Employees earn one year of credited service for any period in which he/she is credited with at least 1,000 hours of service.

Compensation

Final average pay participants

Straight time wages plus lump sum merit pay before any reductions under IRC sections 125 and 401(k) and excluding overtime, bonuses, other incentive pay, and other exclusions specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Account balance participants

Base salary or wages including performance-based pay, commissions, lump sum merit pay, and banked vacation before any reductions under IRC sections 125 and 401(k), but excluding other special forms of compensation such as overtime or shift differentials. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Three-year average compensation

Highest average annual compensation for any 36 consecutive months during the last 120 months of employment

NiSource Subsidiary Pension Plan ("Subsidiary Plan")

Effective date	January 1, 1962, restated effective January 1, 2011
Eligibility for participation	Exempt employees hired on or after January 1, 2010 and nonexempt employees hired on or after July 1, 2011 are not eligible for pension benefits. All other nonunion employees of Northern Indiana Public Service Company who were previously employed by Northern Indiana Fuel and Light Company, Inc. and Kokomo Gas and Fuel Company, Inc. as of June 30, 2011 are eligible. Union employees of USW Local 13796-01 as of June 30, 2011 are also eligible. Eligible employees participate on their date of hire.
Benefit Formula Eligibility Exempt participants	Employees hired prior to January 1, 2002 received the final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2006 received the account balance I benefit. Effective January 1, 2006, the plan was amended to allow all participants a one-time choice between their existing final average pay or account balance I benefit and the account balance II benefit, and employees hired between January 1, 2006 and January 1, 2010 received the account balance II benefit. Effective January 1, 2011, all participants were moved to the account balance II benefit. Employees hired after January 1, 2010 do not participate in the plan.
Nonexempt nonunion participants	Employees hired prior to January 1, 2002 received the final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2008 received the account balance I benefit. Effective January 1, 2008, the plan was amended to provide that employees hired after January 1, 2008 received the account balance II benefit. Effective January 1, 2013, all participants were moved to the account balance II benefit. Employees hired after June 30, 2011 do not participate in the plan.

Nonexempt union participants

Employees hired prior to January 1, 2002 received the final average pay benefit. Effective January 1, 2002, the plan was amended to allow participants a one-time choice between the final average pay benefit and the account balance I benefit, and employees hired between January 1, 2002 and January 1, 2008 received the account balance I benefit. Effective January 1, 2008, the plan was amended to provide that employees hired after January 1, 2008 received the account balance II benefit. Effective July 1, 2011, the NIFL union merged with the NIPSCO union, and all account balance II participants were switched to account balance I (without temporary early retirement supplement). Final average pay participants were allowed a one-time choice of converting to account balance I (without temporary early retirement supplement) effective August 1, 2011 or May 1, 2015. Existing NIFL union account balance I participants will convert to account balance I (without temporary early retirement supplement) effective May 1, 2015. Employees hired after June 30, 2011 do not participate in the plan.

Normal retirement
Eligibility
Benefit

Later of age 65 and fifth anniversary of participation

Final Average Pay

The sum of (a) and (b):

- (a) Benefits accrued as of December 31, 1993 under the prior plan, multiplied by a ratio of the final five-year average compensation as of the date of termination over the five-year average compensation as of December 31, 1993 (not less than 1.0)
- (b) 1.70% of the final five-year average compensation times years of credited service after December 31, 1993 (maximum 30 years) plus 0.60% of the final five-year average compensation times credited service after December 31, 1993 over 30 years

The benefit is subject to certain minimum and maximum benefit calculations.

Account Balance I

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 45	5.0%	2.0%
45 – 59	6.5%	2.0%
60 – 74	8.0%	2.0%
75 or more	10.0%	2.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II

A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

If a participant moved from the final average pay benefit to this benefit, the participant's accrued benefit as of the conversion date was converted to an opening balance. The account balance is credited with interest equal to the greater of 4% or 30-year Treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Early retirement

Eligibility

Age 55 and 10 years of service

Benefit

Final average pay benefit

A benefit equal to the normal retirement benefit based on years of credited service and final five-year average compensation at the date of termination. If payments begin before age 65, the payments are reduced by 6% per year for the first five years and 4% per year for the next five years. If a participant has 25 years of service, there is no reduction at ages 60-64 and payments are reduced by 6% per year for each year payments begin before age 60.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Temporary supplemental benefit

Any final average pay or account balance I participant retiring after age 60 with 25 years of service will receive a supplemental benefit until age 65 equal to 80% of the maximum Social Security benefit payable to someone age 65, rounded to the next highest multiple of \$10. This benefit was frozen at its current level as of January 1, 2004 and is not available to account balance I employees who first become participants after January 1, 2002. NIFL union participants who converted or will convert to the account balance I benefit are not eligible for a supplement.

Account Balance II participants are not eligible for a supplement.

Vested termination

Eligibility

Three years of service

Benefit

Final average pay benefit

A monthly benefit equal to the normal retirement benefit based on five-year average compensation and credited service at the date of termination. Payments may begin after the eligibility requirements for early retirement have been satisfied. Vested termination benefits that begin before normal retirement will be reduced based on the early retirement factors for a retiree with less than 25 years.

Account balance benefit

The participant is always entitled to their entire vested cash balance at termination or retirement.

Disability Eligibility	Qualification for benefits under the employer's long-term disability plan
Benefit Final average pay benefit	Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.
Account balance benefit	Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.
Preretirement death Eligibility	Three years of service
Benefit Final average pay participants	50% of normal retirement benefit as of the participant's date of death, reduced for 50% joint and survivor annuity, and reduced for payment at the participant's earliest retirement eligibility. Benefits are payable only to eligible spouse.
Account balance participants	A life annuity actuarially equivalent to the account balance as of the date of death (non-spouse beneficiaries must receive as a lump sum, and spousal beneficiaries may elect to receive as a lump sum)
Normal form of payment Without spouse	Life annuity
With spouse	50% joint and survivor annuity. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. For account balance II participants and certain account balance I participants, if the spouse dies before participant and within 60 months after the annuity start date, benefit increases to life annuity value.
Optional forms of payment	Life annuity; 100%, 75%, or 50% joint and survivor annuity (final average pay participants); 100%, 75%, 66 2/3%, 50% pop-up, or 33 1/3% joint and survivor annuity, 5 or 10 year certain and life annuity, or lump sum (account balance participants). Additional optional forms exist for prior plan benefit.
Actuarial equivalence	Factors as provided in the plan document

Definitions

Credited service

Employees earn credited service from the day of hire through the date of termination

Compensation

Final average pay participants

Form W-2 compensation, including overtime, banked vacation, lump sum merit pay, and bonuses, before any reductions under IRC sections 125 and 401(k), excluding bonuses in excess of 50% of base pay and other exclusions specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Account balance participants

Base salary or wages including shift differential (for account balance I only), performance-based pay, banked vacation, lump sum merit pay, and commissions, before any reductions under IRC sections 125 and 401(k), but excluding overtime and other exclusions specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Five-year average compensation

Highest average annual compensation for any 60 consecutive calendar months during the last 120 months of employment

Kokomo Union Pension Plan ("Kokomo Union Plan")

Effective Date January 1, 1946, restated effective January 1, 2011

Eligibility for participation All bargaining unit employees of Pace, Local 6-159: Paper, Allied-Industrial, Chemical and Energy Workers Union as of June 30, 2011 who transitioned to employment with Northern Indiana Public Service Company effective July 1, 2011 are eligible. Eligible employees participate on the earliest January 1 following the completion of age 20-1/2 and six months of eligibility service.

Benefit Formula Eligibility Employees hired prior to March 1, 2009 received the final average pay benefit. Employees hired between March 1, 2009 and July 1, 2011 received the account balance II benefit. Employees hired on or after July 1, 2011 do not participate in the plan.

Normal retirement Eligibility Age 65

Final average pay benefit The sum of (a) and (b):

- (a) 1.4% of final five-year average compensation times credited service (maximum 30 years)
- (b) 0.8% of final five-year average compensation times credited service in excess of 30 years

Certain prior accrued benefits are guaranteed as minimum benefits.

Account Balance II benefit A cash balance benefit with pay credits based on the following schedule:

Age Plus Service Points	Percentage of Compensation	Percentage of Compensation Above 1/2 Taxable Wage Base
Less than 50	4.0%	1.0%
50 – 69	5.0%	1.0%
70 or more	6.0%	1.0%

The account balance is credited with interest equal to the greater of 4% or 30-year treasuries.

Certain prior accrued benefits are guaranteed as minimum benefits.

Early retirement

Eligibility	Age 55 and 24 years of vesting service, or age 60 and 10 years of vesting service
Final average pay benefit	A benefit equal to the normal retirement benefit based on years of credited service and final five-year average compensation at the date of termination. If payments begin before age 65, the payments are reduced. Reductions are applied from age 65 if a participant has less than 24 years, and from 61, if a participant has 24 years of service. No reductions are applied if a participant is at least age 58 and age plus service is at least 85.
Account balance benefit	The participant is always entitled to their entire vested cash balance at termination or retirement.
Temporary supplemental benefit	(a) or (b) (a) Final average pay participants retiring after age 60 and eligible for an unreduced benefit will receive a supplemental benefit until age 65 equal to \$500 per month. (b) Any outside construction final average pay participant retiring after age 55, but before age 60, with at least 85 age plus service points or any clerical participant retiring after age 58, but before age 60, with at least 85 age plus service points will receive a supplemental benefit equal to \$500 per month for 60 months on a prorated basis depending on the number of months retirement precedes age 60. Account Balance II participants are not eligible for a supplement.
Vested termination Eligibility	Three years of service
Final average pay benefit	A monthly benefit equal to the normal retirement benefit based on five-year average compensation and credited service at the date of termination. Payments may begin after the eligibility requirements for retirement have been satisfied.
Account balance benefit	The participant is always entitled to their entire vested cash balance at termination or retirement.
Disability Eligibility	Qualification for benefits under the employer's long-term disability plan
Final average pay benefit	Eligible employees are deemed to receive the same compensation as at the date of disability and continue to earn credited service as long as the disability continues.

Account balance benefit	Eligible employees continue to earn pay credits based on the same compensation as at the date of disability.
Preretirement death Eligibility	Three years of service
Final average pay benefit	50% of normal retirement benefit as of the participant's date of death, reduced for 50% joint and survivor annuity, and reduced for payment at the participant's earliest retirement eligibility
Account balance benefit	A life annuity actuarially equivalent to the account as of the date of death (non-spouse beneficiaries must receive as a lump sum, and spousal beneficiaries may elect to receive as a lump sum)
Normal form of payment Without spouse	Life annuity
With spouse	50% joint and survivor annuity. Participant receives reduced lifetime benefit and, in event of participant's death, 50% of reduced benefit continued to surviving spouse. For account balance participants, if the spouse dies before the participant and within 60 months after the annuity start date, the benefit increases to the life annuity value.
Optional forms of payment	
Account balance participants	Life annuity; 100%, 75%, 66 2/3%, 50% with pop-up or 33-1/3% joint and survivor annuity; 5 or 10 year certain and life annuity; lump sum.
Final average pay participants	Life annuity, 5, 10, or 15 year certain and life annuity, 50%, 66 2/3%, 75% or 100% joint and survivor annuity, lump sum
Actuarial equivalence Mortality	1983 Group Annuity Mortality Table, weighted 50% male and 50% female
Interest	7.50% per year

Definitions

Credited service

Employees earn one year of credited service for any period in which he/she is credited with at least 1,000 hours of service.

Compensation

Final average pay participants

Employee's fixed rate of pay before any reductions under IRC sections 125 and 401(k) plus certain inclusions and minus certain exclusions, as specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Account balance participants

Base salary or wages including performance-based pay, commissions, and lump sum merit pay before any reductions under IRC sections 125 and 401(k), but excluding other special forms of compensation such as overtime, shift differentials, and other exclusions specified in the plan document. Compensation considered for benefit purposes is limited to \$250,000 based upon the provision of the IRC section 401(a)(17).

Five-year average compensation

Highest average annual compensation for any five consecutive compensation dates out of the ten latest compensation dates. "Compensation date" means March 1 for this purpose.



NiSource Supplemental Executive Retirement Plan ("NiSource SERP")

There are no active participants in this plan. For additional clarification and details regarding provisions applicable to inactive participants, please refer to the plan document.

Pension Restoration Plan ("Restoration Plan")

Retirement benefits

Eligibility

Columbia Plan employees participate upon their date of hire. Effective January 1, 2004, the plan was amended to include all other nonunion employees of NiSource Inc. and affiliated companies.

Benefit

Benefits are determined as the excess of (a) over (b):

(a) Benefit calculated under the provisions of the participant's qualified pension plan, but without regard to the limits of IRC section 415 and 401(a)(17), and without regard to deferrals under the NiSource Inc. Executive Deferred Compensation Plan.

(b) Benefit payable from the participant's qualified plan

Certain adjustments are made for participants who accrued a benefit under the applicable qualified plan before January 1, 2004. Further, effective for any participant terminating employment on or after January 1, 2011, the benefit payable under the Restoration Plan may never be less than a minimum protected benefit as described in the Plan.

Credited service

Columbia Plan participants generally earn one month of service for each calendar month in which he/she is credited with at least one hour of service. All other participants generally earn one month of service for each calendar month after December 31, 2003 in which he/she is credited with at least one hour of service.



Bay State Supplemental Executive Retirement Plan ("Bay State SERP")

There are no active participants in this plan. For additional clarification and details regarding provisions applicable to inactive participants, please refer to the plan document.

Actuarial Assumptions and Methods

Qualified Pension Plans

Measurement date	December 31
Discount rate	
NiSource	3.83%
Columbia	3.36%
Bay State Nonunion	3.33%
Bay State Union	3.60%
Subsidiary	3.50%
Kokomo Union	4.03%
Expected long-term rate of return on assets	8.30% for 2012 expense
Expected rate of future compensation increases	See Table 1
Account balance interest crediting rate	4.00%
Account balance annuity conversion rate	2.88% for January 1, 2013 conversions 4.00% for future conversions
Increase in IRC section 415 benefit limits and section 401(a)(17) compensation limit	3.00%
Social Security wage base increases	Future wage indices are based on a national wage increase of 3.00% per year.
Social Security COLA increases	3.00%
Optional payment form election percentage	See Table 2
Lump sum conversion interest rate	4.00%
Lump sum conversion mortality	Mortality basis in IRS revenue ruling 2001-62
Retirement age	
Active participants	
NiSource, Subsidiary & Kokomo Union Plans	See Table 3
Columbia Plan	See Table 4
Bay State Nonunion & Bay State Union Plans	See Table 5
Terminated vested participants	
Final average pay participants	Age 60
Account balance participants	50% immediate; 50% deferred to age 62

Mortality rates	
Healthy lives	RP-2000 combined healthy fully generational mortality table using Scale AA
Disabled lives	RP-2000 disabled mortality table
Withdrawal rates	
Nonunion participants	See Table 6
Union participants	See Table 7
Disability rates	See Table 8
Surviving spouse benefit	It is assumed that 80% of males and 80% of females have an eligible spouse, and that males are 3 years older than their spouses.
Benefit and compensation limits	Projected benefits and compensation are limited by the current IRC section 415 maximum benefit of \$200,000 and the 401(a)(17) compensation limit of \$250,000.
Actuarial cost method	Projected unit credit cost method
Market-related value of assets	Equal to the market value of assets on December 31
Amortization schedule	
Prior service cost	Amortization over average remaining service
Unrecognized net (gains)/losses	Gains or losses in excess of 10% corridor are amortized over average remaining service.

Nonqualified Pension Plans

Measurement date	December 31
Discount rate	
NiSource SERP	3.64%
Restoration Plan	3.25%
Bay State SERP	3.32%
Expected long-term rate of return on assets	N/A
Expected rate of future compensation increases	
NiSource SERP	N/A
Restoration Plan	See Table 1
Bay State SERP	N/A
Account balance interest crediting rate	
Restoration Plan	4.00%
NiSource SERP, Bay State SERP	N/A
Account balance annuity conversion rate	
Restoration Plan	2.88% for January 1, 2013 conversions
NiSource SERP, Bay State SERP	N/A
Increase in IRC section 415 benefit limits and section 401(a)(17) compensation limit	3.00%
Social Security wage base increases	Future wage indices are based on a national wage increase of 3.00% per year.
Retirement rates	
Restoration Plan	Same as those used for purposes of the respective qualified plan valuations
NiSource SERP, Bay State SERP	N/A
Withdrawal rates	
Restoration Plan	Same as those used for purposes of the respective qualified plan valuations
NiSource SERP, Bay State SERP	N/A
Disability rates	
Restoration Plan	Same as those used for purposes of the respective qualified plan valuations
NiSource SERP, Bay State SERP	N/A

Actuarial cost method	Projected unit credit cost method
Market-related value of assets	N/A
Amortization schedule – prior service cost	
Restoration Plan	Amortized over average remaining service
NiSource SERP, Bay State SERP	N/A
Amortization schedule - unrecognized net (gains)/losses	
Restoration Plan	Gains or losses in excess of 10% corridor are amortized over average remaining service.
NiSource SERP, Bay State SERP	Gains or losses in excess of 10% corridor are amortized over average remaining lifetime.
Other Actuarial Assumptions	
NiSource SERP	Same as those used for purposes of the NiSource qualified plan valuation
Restoration Plan	Same as those used for purposes of the respective qualified plan valuations
Bay State SERP	Same as those used for purposes of the Bay State Nonunion qualified plan valuation

Table 1
 Salary Merit Increase Rates

Age	Rate
20-29	6.50%
30-34	5.00%
35-39	4.50%
40-49	4.00%
50+	3.50%

Table 2
 Optional Payment Form Election Percentage

Plan	Final average pay participants	Account balance participants
NiSource	Nonunion:	100% lump sum
	50% life annuity	
	50% joint and 50% survivor annuity	
	Union:	
	50% life annuity	
Columbia	50% joint and 50% survivor annuity with pop-up	100% lump sum
	20% life annuity	
Bay State Nonunion, Bay State Union and Kokomo Union plans	80% lump sum	100% lump sum
	30% life annuity	
Subsidiary	70% lump sum	100% lump sum
	50% life annuity	
	50% joint and 50% survivor annuity	

Table 3
 Retirement Rates—NiSource, Subsidiary and Kokomo Union Plans

Age	Final Average Pay Participants ¹ and Account Balance		Account Balance Participants Hired After 1/1/95
	Participants Hired Before 1/1/95 <25 Years	25+ Years	
55	10.00%	10.00%	2.00%
56	10.00%	10.00%	2.00%
57	10.00%	10.00%	2.00%
58	10.00%	10.00%	2.00%
59	10.00%	10.00%	2.00%
60	10.00%	40.00%	5.00%
61	10.00%	30.00%	5.00%
62	25.00%	30.00%	25.00%
63	10.00%	30.00%	10.00%
64	10.00%	30.00%	10.00%
65	50.00%	50.00%	50.00%
66	50.00%	50.00%	100.00%
67	50.00%	50.00%	100.00%
68	50.00%	50.00%	100.00%
69	50.00%	50.00%	100.00%
70+	100.00%	100.00%	100.00%

¹ NiSource union participants who are under age 60 and who have greater than 85 points have assumed retirement rates of 15.00% per year.

Table 4
 Retirement Rates—Columbia Plan

Age	Final Average Pay Participants and Account Balance Participants Hired Before 1/1/95	Account Balance Participants Hired After 1/1/95
55	15.00%	2.00%
56	7.00%	2.00%
57	7.00%	2.00%
58	10.00%	2.00%
59	10.00%	2.00%
60	20.00%	5.00%
61	20.00%	5.00%
62	20.00%	25.00%
63	20.00%	10.00%
64	30.00%	10.00%
65	50.00%	50.00%
66	35.00%	100.00%
67	35.00%	100.00%
68	35.00%	100.00%
69+	100.00%	100.00%

Table 5
 Retirement Rates—Bay State Nonunion and Bay State Union Plans

Age	Final Average Pay Participants and Account Balance Participants Hired Before 1/1/95		Account Balance Participants Hired After 1/1/95
	<25 Years	25+ Years	
55	2.00%	5.00%	2.00%
56	2.00%	5.00%	2.00%
57	2.00%	5.00%	2.00%
58	2.00%	5.00%	2.00%
59	2.00%	5.00%	2.00%
60	5.00%	30.00%	5.00%
61	5.00%	30.00%	5.00%
62	25.00%	30.00%	25.00%
63	10.00%	30.00%	10.00%
64	10.00%	30.00%	10.00%
65	50.00%	50.00%	50.00%
66+	100.00%	100.00%	100.00%

Table 6
 Withdrawal Rates – Nonunion Participants

Age	Years of Service			
	0	1	2	3+
<28	12.00%	10.00%	8.00%	12.00%
29	12.00%	10.00%	8.00%	11.50%
30	12.00%	10.00%	8.00%	10.80%
31	12.00%	10.00%	8.00%	10.20%
32	12.00%	10.00%	8.00%	9.60%
33	12.00%	10.00%	8.00%	9.00%
34	12.00%	10.00%	8.00%	8.50%
35	12.00%	10.00%	8.00%	7.90%
36	12.00%	10.00%	8.00%	7.40%
37	12.00%	10.00%	8.00%	6.90%
38	12.00%	10.00%	8.00%	6.50%
39	12.00%	10.00%	8.00%	6.00%
40	12.00%	10.00%	8.00%	5.60%
41	12.00%	10.00%	8.00%	5.20%
42	12.00%	10.00%	8.00%	4.90%
43	12.00%	10.00%	8.00%	4.50%
44	12.00%	10.00%	8.00%	4.20%
45	12.00%	10.00%	8.00%	3.90%
46	12.00%	10.00%	8.00%	3.60%
47	12.00%	10.00%	8.00%	3.40%
48	12.00%	10.00%	8.00%	3.10%
49	12.00%	10.00%	8.00%	2.90%
50	12.00%	10.00%	8.00%	2.70%
51	12.00%	10.00%	8.00%	2.60%
52	12.00%	10.00%	8.00%	2.40%
53	12.00%	10.00%	8.00%	2.30%
54	12.00%	10.00%	8.00%	2.20%
55	12.00%	10.00%	8.00%	2.20%
56	12.00%	10.00%	8.00%	2.10%
57	12.00%	10.00%	8.00%	2.10%
58	12.00%	10.00%	8.00%	2.00%
59	12.00%	10.00%	8.00%	2.00%
60	12.00%	10.00%	8.00%	1.90%
61	12.00%	10.00%	8.00%	1.90%
62	12.00%	10.00%	8.00%	1.80%
63	12.00%	10.00%	8.00%	1.70%
64	12.00%	10.00%	8.00%	1.60%
65+	12.00%	10.00%	8.00%	1.50%

Table 7
 Withdrawal Rates – Union Participants

Age	Years of Service			
	0	1	2	3+
<21	9.60%	9.60%	9.60%	9.60%
22	9.00%	9.00%	9.00%	9.00%
23	8.60%	8.60%	8.60%	8.60%
24	8.00%	8.00%	8.00%	8.00%
25	8.00%	7.60%	7.60%	7.60%
26	8.00%	7.20%	7.20%	7.20%
27	8.00%	6.60%	6.60%	6.60%
28	8.00%	6.20%	6.20%	6.20%
29	8.00%	6.00%	5.80%	5.80%
30	8.00%	6.00%	5.60%	5.60%
31	8.00%	6.00%	5.20%	5.20%
32	8.00%	6.00%	5.00%	4.80%
33	8.00%	6.00%	5.00%	4.40%
34	8.00%	6.00%	5.00%	4.20%
35	8.00%	6.00%	5.00%	3.80%
36	8.00%	6.00%	5.00%	3.60%
37	8.00%	6.00%	5.00%	3.40%
38	8.00%	6.00%	5.00%	3.20%
39	8.00%	6.00%	5.00%	3.00%
40	8.00%	6.00%	5.00%	2.80%
41	8.00%	6.00%	5.00%	2.60%
42	8.00%	6.00%	5.00%	2.40%
43	8.00%	6.00%	5.00%	2.40%
44	8.00%	6.00%	5.00%	2.20%
45	8.00%	6.00%	5.00%	2.20%
46	8.00%	6.00%	5.00%	2.00%
47	8.00%	6.00%	5.00%	2.00%
48	8.00%	6.00%	5.00%	2.00%
49	8.00%	6.00%	5.00%	2.00%
50	8.00%	6.00%	5.00%	2.00%
51	8.00%	6.00%	5.00%	2.00%
52	8.00%	6.00%	5.00%	2.00%
53	8.00%	6.00%	5.00%	2.00%
54	8.00%	6.00%	5.00%	2.00%
55	8.00%	6.00%	5.00%	2.00%
56	8.00%	6.00%	5.00%	2.00%
57	8.00%	6.00%	5.00%	2.00%
58	8.00%	6.00%	5.00%	2.00%
59	8.00%	6.00%	5.00%	2.00%
60	8.00%	6.00%	5.00%	2.00%
61	8.00%	6.00%	5.00%	2.00%
62	8.00%	6.00%	5.00%	2.00%
63	8.00%	6.00%	5.00%	2.00%
64	8.00%	6.00%	5.00%	2.00%
65+	8.00%	6.00%	5.00%	2.00%

Table 8
 Disability Rates

Age	Male	Female	Age	Male	Female
20	0.052%	0.052%	50	0.413%	0.575%
21	0.053%	0.056%	51	0.463%	0.613%
22	0.054%	0.060%	52	0.513%	0.650%
23	0.055%	0.064%	53	0.563%	0.700%
24	0.056%	0.067%	54	0.625%	0.738%
25	0.057%	0.071%	55	0.688%	0.783%
26	0.058%	0.075%	56	0.762%	0.825%
27	0.059%	0.075%	57	0.856%	0.875%
28	0.060%	0.081%	58	0.975%	0.950%
29	0.061%	0.083%	59	1.075%	1.050%
30	0.062%	0.087%	60	1.175%	1.150%
31	0.064%	0.092%	61	1.325%	1.275%
32	0.065%	0.113%	62	1.500%	1.450%
33	0.067%	0.125%	63	1.665%	1.625%
34	0.069%	0.142%	64+	1.725%	1.725%
35	0.071%	0.158%			
36	0.073%	0.175%			
37	0.078%	0.194%			
38	0.083%	0.217%			
39	0.092%	0.238%			
40	0.100%	0.263%			
41	0.116%	0.283%			
42	0.131%	0.313%			
43	0.145%	0.338%			
44	0.170%	0.367%			
45	0.200%	0.400%			
46	0.244%	0.431%			
47	0.280%	0.463%			
48	0.325%	0.496%			
49	0.363%	0.533%			